



VINCENT VILLAGE, INC.

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2020 and 2019

VINCENT VILLAGE, INC.

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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, 2020 and 2019, 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.

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, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in fiscal year 2020 Vincent Village, Inc. adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the related amendments with the same effective date and ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Our opinion is not modified with respect to these matters.

Katz, Sapper & Miller, LLP

Fort Wayne, Indiana
December 14, 2020

VINCENT VILLAGE, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 387,704	\$ 90,854
Receivable - other		7,054
Grants and reimbursements receivable	50,035	104,208
Total Current Assets	437,739	202,116
OTHER ASSETS		
Property and equipment, net	2,551,483	2,612,842
Grant receivable, net		44,152
Investment, at cost	500,100	500,100
Beneficial interest in assets held by Community Foundation	16,483	17,198
Cash, restricted for capital purchases	135,600	70,000
Total Other Assets	3,203,666	3,244,292
TOTAL ASSETS	\$ 3,641,405	\$ 3,446,408
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable - trade	\$ 7,051	\$ 8,811
Accrued expenses and payroll withholdings	37,352	35,451
Deferred revenue	6,108	25,550
Total Current Liabilities	50,511	69,812
LONG-TERM LIABILITIES		
Refundable grants	500,000	500,000
Loans payable	605,061	460,161
Total Long-term Liabilities	1,105,061	960,161
Total Liabilities	1,155,572	1,029,973
NET ASSETS		
Without donor restrictions	2,135,204	2,100,058
With donor restrictions	350,629	316,377
Total Net Assets	2,485,833	2,416,435
TOTAL LIABILITIES AND NET ASSETS	\$ 3,641,405	\$ 3,446,408

See accompanying notes.

VINCENT VILLAGE, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT						
Contributions:						
Private grants and donations	\$ 492,186	\$ 403,316	\$ 895,502	\$ 439,252	\$ 260,185	\$ 699,437
Donated property improvements				116,120		116,120
In-kind goods, services and space rental	24,162		24,162	25,842		25,842
Special events, net of direct benefit to donors	187,484		187,484	186,274		186,274
Rental income	155,703		155,703	166,419		166,419
Government grants and contracts, local	70,096		70,096	21,020		21,020
Contracted services	26,250		26,250	43,006		43,006
Interest income	1,307		1,307	95		95
Change in value of beneficial interest in assets held by Community Foundation	(590)	(125)	(715)	394	83	477
Gain (loss) on sales of property and equipment	38		38	(4,772)		(4,772)
Net assets released from restrictions	<u>368,939</u>	<u>(368,939)</u>		<u>286,620</u>	<u>(286,620)</u>	
Total Revenues, Gains and Other Support	<u>1,325,575</u>	<u>34,252</u>	<u>1,359,827</u>	<u>1,280,270</u>	<u>(26,352)</u>	<u>1,253,918</u>
EXPENSES						
Program Services:						
Vincent House	438,361		438,361	421,207		421,207
Village Phase II Rental Home Program	437,188		437,188	488,297		488,297
Youth and Family Services	147,380		147,380	136,925		136,925
St. Hyacinth Center	44,856		44,856	24,640		24,640
Community Housing Development	1,463		1,463	13,425		13,425
Supporting Services:						
Management and general	156,360		156,360	146,912		146,912
Fundraising	64,821		64,821	69,539		69,539
Total Expenses	<u>1,290,429</u>		<u>1,290,429</u>	<u>1,300,945</u>		<u>1,300,945</u>
CHANGE IN NET ASSETS	35,146	34,252	69,398	(20,675)	(26,352)	(47,027)
NET ASSETS						
Beginning of Year	<u>2,100,058</u>	<u>316,377</u>	<u>2,416,435</u>	<u>2,120,733</u>	<u>342,729</u>	<u>2,463,462</u>
End of Year	<u>\$ 2,135,204</u>	<u>\$ 350,629</u>	<u>\$ 2,485,833</u>	<u>\$ 2,100,058</u>	<u>\$ 316,377</u>	<u>\$ 2,416,435</u>

See accompanying notes.

VINCENT VILLAGE, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	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	\$ 236,321	\$ 182,442	\$ 80,970			\$ 499,733	\$ 63,510	\$ 49,791	\$ 613,034
Payroll taxes	20,176	13,498	5,991			39,665	4,699	3,684	48,048
Employee benefits	49,660	11,524	11,747	\$ 104		73,035	2,396	1,840	77,271
	<u>306,157</u>	<u>207,464</u>	<u>98,708</u>	<u>104</u>		<u>612,433</u>	<u>70,605</u>	<u>55,315</u>	<u>738,353</u>
Auto and travel	7,619	10,605	1,330			19,554	760		20,314
Childcare, educational and training	2,283	2,241	2,169			6,693	3,152		9,845
Contracted services	10,725	18,503				29,228			29,228
Depreciation	12,198	73,931	6,202	17,890		110,221	21,073		131,294
Food	8,598	2,434	1,057			12,089	29		12,118
Equipment and equipment rental	4,278	4,248	606			9,132	51		9,183
Insurance and taxes	11,696	20,593	4,320	7,203		43,812	2,488	1,268	47,568
Legal and professional	3,873	4,608	473		\$ 225	9,179	23,971	65	33,215
Maintenance and repairs	26,562	32,160	5,670	1,894		66,286	3,396	552	70,234
Supportive services	4,151	7,432	4,251			15,834			15,834
Office expense	3,980	3,688	1,910	1		9,579	6,986	2,878	19,443
Other expenses	629	13			1,238	1,880	17,379	3,714	22,973
Rent, in-kind		18,000				18,000			18,000
Supplies	11,884	10,059	336			22,279	1,335		23,614
Telephone and utilities	23,728	21,209	20,348	17,764		83,049	5,135	1,029	89,213
Special events - contracted services and supplies								28,438	28,438
Special events - in-kind food, space rental and supplies								45,630	45,630
TOTAL EXPENSES BY FUNCTION	438,361	437,188	147,380	44,856	1,463	1,069,248	156,360	138,889	1,364,497
Less: Expenses included with revenues on the statements of activities:									
Costs of direct benefit to donors - contracted services and supplies								(28,438)	(28,438)
Costs of direct benefit to donors - in-kind food, space rental and supplies								(45,630)	(45,630)
TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES	\$ 438,361	\$ 437,188	\$ 147,380	\$ 44,856	\$ 1,463	\$ 1,069,248	\$ 156,360	\$ 64,821	\$ 1,290,429

See accompanying notes.

VINCENT VILLAGE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	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	\$ 241,258	\$ 193,551	\$ 69,092	\$ 3,329	\$ 6,943	\$ 514,173	\$ 73,534	\$ 50,263	\$ 637,970
Payroll taxes	17,950	14,400	5,140	248,000	517	38,255	5,470	3,740	47,465
Employee benefits	38,353	25,216	2,728	4,707		71,004	12,681	5,855	89,540
	<u>297,561</u>	<u>233,167</u>	<u>76,960</u>	<u>8,284</u>	<u>7,460</u>	<u>623,432</u>	<u>91,685</u>	<u>59,858</u>	<u>774,975</u>
Auto and travel	112	3,235	776			4,123			4,123
Childcare, educational and training	2,527	1,580	331			4,438	1,273		5,711
Contracted services	17,986	11,816	220			30,022			30,022
Depreciation	13,492	71,622	6,019	15,409		106,542	4,080		110,622
Food	8,232	1,203	2,209			11,644		85	11,729
Equipment and equipment rental		1,966				1,966	246	650	2,862
Insurance and taxes	6,270	28,751	1,952			36,973	5,105		42,078
Legal and professional	12,352	16,371	4,793	153	3,250	36,919	20,697	316	57,932
Maintenance and repairs	12,796	61,016	13,580	708		88,100	7,124		95,224
Supportive services	10,710	6,595	4,036			21,341			21,341
Office expense	4,463	1,519	1,272	76		7,330	1,240	1,528	10,098
Other expenses	2,662	1,888	3,915	10	2,715	11,190	9,127	2,933	23,250
Rent, in-kind		18,000				18,000			18,000
Supplies	8,924	1,317	1,442			11,683	288	1,103	13,074
Telephone and utilities	23,120	28,251	19,420			70,791	6,047	3,066	79,904
Special events - contracted services and supplies								31,667	31,667
Special events - in-kind food, space rental and supplies								65,617	65,617
TOTAL EXPENSES BY FUNCTION	421,207	488,297	136,925	24,640	13,425	1,084,494	146,912	166,823	1,398,229
Less: Expenses included with revenues on the statements of activities:									
Costs of direct benefit to donors - contracted services and supplies								(31,667)	(31,667)
Costs of direct benefit to donors - in-kind food, space rental and supplies								(65,617)	(65,617)
TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES	\$ 421,207	\$ 488,297	\$ 136,925	\$ 24,640	\$ 13,425	\$ 1,084,494	\$ 146,912	\$ 69,539	\$ 1,300,945

See accompanying notes.

VINCENT VILLAGE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	Adjusted 2019
OPERATING ACTIVITIES		
Change in net assets	\$ 69,398	\$ (47,027)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	131,294	110,622
Donated property improvements		(116,120)
Grants received for capital purchases	(75,000)	
Change in value of beneficial interest in assets held by Community Foundation	715	(477)
(Gain) loss on sales of property and equipment	(38)	4,772
(Increase) decrease in certain assets:		
Receivable - other	7,054	7,946
Grants and reimbursements receivable	98,325	89,702
Prepaid expenses and other assets		2,989
Increase (decrease) in certain liabilities:		
Accounts payable - trade	(1,760)	(17,755)
Accrued expenses and payroll withholdings	1,901	5,871
Deferred revenue	(19,442)	(5,950)
Net Cash Provided by Operating Activities	<u>212,447</u>	<u>34,573</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(69,897)	(326,010)
Proceeds from sales of property and equipment		34,899
Investment in BW at Renaissance Pointe, LLC		(500,000)
Net Cash Used by Investing Activities	<u>(69,897)</u>	<u>(791,111)</u>
FINANCING ACTIVITIES		
Proceeds from loan	144,900	
Proceeds from refundable grant		500,000
Proceeds from contributions restricted for capital purchases	75,000	
Proceeds from loans restricted for rehabilitation of homes		173,512
Net Cash Provided by Financing Activities	<u>219,900</u>	<u>673,512</u>
NET CHANGE IN CASH AND RESTRICTED CASH	362,450	(83,026)
CASH AND RESTRICTED CASH		
Beginning of Year	<u>160,854</u>	<u>243,880</u>
End of Year	<u>\$ 523,304</u>	<u>\$ 160,854</u>
CASH AND RESTRICTED CASH		
Cash	\$ 387,704	\$ 90,854
Cash restricted for capital purchases	<u>135,600</u>	<u>70,000</u>
TOTAL CASH AND RESTRICTED CASH	<u>\$ 523,304</u>	<u>\$ 160,854</u>
SUPPLEMENTAL DISCLOSURES		
Noncash investing activities:		
Donated property improvements		\$ 116,120
In-kind expenses:		
Space rental	\$ 18,000	18,000
Professional services	4,250	5,930
Supplies and equipment	1,912	1,912
	<u>\$ 24,162</u>	<u>\$ 25,842</u>

See accompanying notes.

VINCENT VILLAGE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2020 and 2019

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.

Vincent Village, Inc.'s primary sources of revenue are foundation grants, fundraising events, rental income and contributions.

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. Vincent Village, Inc. controls and has an economic interest in Subsidiary.

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). All material intra-entity accounts and transactions have been eliminated in consolidation.

New Accounting Pronouncements: The Organization adopted the following Accounting Standards Updates (ASUs) effective July 1, 2019:

- **ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)** and the related amendments with the same effective date (together, ASC 606). ASC 606 was adopted as prescribed by the Financial Accounting Standards Board (FASB) using the modified retrospective method of adoption. The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASC 606 did not have a significant impact on the Organization's revenue recognition, financial position, results of operations or cash flows. Therefore, no cumulative-effect adjustment to net assets as of July 1, 2019 was required upon adoption.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*** (ASU No. 2016-18) which requires that statements of cash flows include the change during the year of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. ASU No. 2016-18 was adopted as prescribed by the FASB and has been applied retrospectively to all years presented and did not have a significant impact on the Organization's cash flows.

Basis of Presentation: The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following:

- **Net Assets Without Donor Restrictions** are not subject to donor-imposed restrictions and may be used at the discretion of the Organization's management and Board of Directors. This net asset category includes funds functioning as an endowment through designation by the Board of Directors and other Board-designated net assets.
- **Net Assets with Donor Restrictions** are subject to stipulations imposed by donors. Some of the Organization's donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions that were initially classified as conditional contributions are reported as increases in net assets without donor restrictions when the conditions are met, if the restrictions expire in the same year in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, and when a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Gifts associated with the acquisition of long-lived assets are released from restriction when the assets are placed in service.

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, the disclosure of contingent assets and liabilities, and reported amounts of revenue and expenses. 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: Unconditional promises to give and grants receivable expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable in the years in which those promises are received. Amortization of the discounts is included in contributions and grants in the consolidated statements of activities. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Grants and reimbursements receivable are reviewed for collectability and a provision for doubtful accounts is recorded based on management's judgment and analysis of the creditworthiness of the donors and grantors, historical experience, economic conditions, and other relevant factors. Management determined that no allowance was necessary at June 30, 2020 and 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fiscal years 2020 and 2019.

Investment relates to the .51% ownership interest in an investment in BW at Renaissance Pointe, LLC at June 30, 2020 and 2019. The investment is accounted for on the cost method because of the Organization's minority ownership percentage and lack of ability to exercise significant influence over the operations of the partnership. The intended purpose of the BW project is to renovate the old Coca Cola building in Fort Wayne, IN into 55 residential units that will provide for transitional housing. The Organization will not be asked to take on any extra financial risk, but will receive a small development fee for each unit when completed, and will act as a service coordinator for the residents living in the units (\$100/year).

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 assets, without and with donor restrictions, 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 3 for discussion of fair value measurements.

Contributions and Grants are recognized as support when they are received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met. Cash received prior to when conditions are substantially met are recognized as refundable grants.

The Organization receives a significant amount of financial assistance from local government grants and contracts. Local grants and contracts normally provide for the recovery of direct and indirect costs. Entitlement to the recovery of the direct and related indirect costs is conditional upon compliance with the terms and conditions of the grant agreements and with applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all local grants are subject to financial and compliance reviews and audits by the grantors. Management believes an adverse material outcome from those reviews and audits is unlikely.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-kind Contributions: Contributions of services, which consisted primarily of professional fees, 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. Volunteers contribute significant amounts of time to the Organization's activities that do not meet recognition criteria, and the value of these contributed services is not reflected in the consolidated financial statements. Contributions of food, equipment, building improvements and other goods are recorded at estimated fair value when received.

Rental Income relates to contracts with individuals associated with the Organization's programs and with outside third parties for use of rooms or buildings owned by the Organization. Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing use rooms or buildings. Rental income related to shelter and transitional housing is recognized each day access to a room or house is provided or access on a monthly basis to third parties for use of buildings owned by the Organization. Any amounts for payments received in advance for above rental income is included in deferred revenue until services are provided.

Special Event Revenue: Sponsorship revenue and other contributions related to special events is recognized when received, unless the contribution is conditional on the event taking place. The portion of special event revenue classified as exchange transactions is recognized upon the occurrence of the event. Revenue 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 program 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 program or supporting service benefited. Expenses related to more than one function are allocated among program and support services based on occupied space (including, depreciation, insurance and taxes, maintenance and repairs, and telephone and utilities) or time spent by Organization staff (including, salaries and wages, payroll taxes, employee benefits, and office expenses). 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 Affiliate are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, though they are subject to tax on income unrelated to their exempt purpose, unless that income is otherwise excluded by the Internal Revenue Code. 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, 2020 and 2019.

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 2017. Management believes that the Organization's income tax filing positions will be sustained on audit and does not anticipate any adjustments that will result in material change.

Reclassifications: Certain amounts in the 2019 consolidated financial statements have been reclassified to conform to the presentation of the 2020 consolidated financial statements.

Subsequent Events: Management has evaluated the consolidated financial statements for subsequent events occurring through December 14, 2020, the date the consolidated financial statements were available to be issued. See Note 7.

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

The Organization's financial assets available for general expenditure within one year of June 30, 2020 and 2019 were as follows:

	2020	2019
Cash	\$ 523,304	\$ 160,854
Receivable - other		7,054
Grants and reimbursements receivable	50,035	148,360
Investment, at cost	500,100	500,100
Beneficial interest in assets held by Community Foundation	<u>16,483</u>	<u>17,198</u>
Total Financial Assets	1,089,922	833,566
Long-term investment in BW at Renaissance Pointe, LLC	(500,100)	(500,100)
Donor-imposed Restrictions:		
Funds subject to time restrictions		(44,152)
Endowment	(2,882)	(3,007)
Capital purchases	(135,600)	(70,000)
Board-designations:		
Reserve for capital and operational needs	(122,704)	
Future purchase and maintenance of homes	(73,356)	(73,249)
Endowment	<u>(13,601)</u>	<u>(14,191)</u>
Total Financial Assets Available Within One Year	<u>\$ 241,679</u>	<u>\$ 128,867</u>

The Organization considers contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and fundraising expenses. Annual operations are defined as activities occurring during the Organization's fiscal year.

Financial assets available for general expenditure exclude board-designated funds to be used for specific purposes. Although the Organization does not intend to spend from its board-designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, those funds could be made available if necessary. Financial assets available for general expenditure also exclude the Organization's beneficial interest in assets held by Community Foundation which is subject to an annual spending rate of 4.50% from the related endowment fund, as described in Note 1.

The Organization meets monthly to monitor organization performance to the budget, to approve operating expenditures and to evaluate liquidity required to meet its operating needs and other contractual commitments in the near term.

NOTE 3 - 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.

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2020 and 2019.

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 reported by the Community Foundation, without adjustment.

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, 2020 and 2019:

Assets	2020	Level 3	Total
Beneficial Interest in Assets held by Community Foundation		<u>\$16,483</u>	<u>\$16,483</u>
Assets	2019		
Beneficial Interest in Assets held by Community Foundation		<u>\$17,198</u>	<u>\$17,198</u>

At June 30, 2020 and 2019, the Organization had no other assets and no liabilities that are measured at fair value on a recurring basis.

Activity for the years ended June 30, 2020 and 2019 related to assets measured at fair value on a recurring basis using a Level 3 valuation methodology is disclosed in Note 6.

NOTE 4 - GRANTS AND REIMBURSEMENTS RECEIVABLE

Grants and reimbursements receivable were estimated to be collected as follows as of June 30, 2020 and 2019:

	2020	2019
Within one year:		
City of Fort Wayne – Car Care Program	\$ 5,035	
United Way – Vincent House shelter and food		\$ 30,000
Foellinger Foundation – Youth Services		25,000
Diocese of FWSB – St. Mary’s		4,208
Foellinger Foundation	<u>45,000</u>	<u>45,000</u>
	<u>50,035</u>	<u>104,208</u>
One to five years:		
Foellinger Foundation		45,000
Unamortized discounts		<u>(848)</u>
		<u>44,152</u>
Total Grants and Reimbursements Receivable, net	<u>\$50,035</u>	<u>\$148,360</u>

Grants receivable are discounted at a rate of 1.92% as of June 30, 2019.

NOTE 5 - PROPERTY AND EQUIPMENT

The Organization’s property and equipment are as follows at June 30, 2020 and 2019:

	2020	2019
Land, buildings and improvements	\$ 3,441,147	\$ 3,393,682
Equipment and furnishings	404,198	381,728
Vehicles	<u>79,521</u>	<u>79,521</u>
	3,924,866	3,854,931
Less: Accumulated depreciation	<u>(1,373,383)</u>	<u>(1,242,089)</u>
Total Property and Equipment, net	<u>\$ 2,551,483</u>	<u>\$ 2,612,842</u>

NOTE 6 - ENDOWMENT

The Organization’s endowment consists of a fund established by donors to provide annual funding for general operations. The endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

Interpretation of Relevant Law

The Organization is subject to the Indiana Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions, because those assets are time restricted until the Board of Directors appropriates such amounts for expenditure. The Board of Directors has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

NOTE 6 - ENDOWMENT (CONTINUED)

- The duration and preservation of the fund
- 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

The endowment net asset composition by type of fund consisted of the following as of June 30, 2020 and 2019:

2020	Without Donor Restrictions	With Donor Restrictions	Total
Board designated funds	\$13,601		\$13,601
Donor-restricted Endowment Funds:			
Original gifts and amounts required to be maintained in perpetuity by donors		\$2,435	2,435
Accumulated investment gains	<u> </u>	<u> 447</u>	<u> 447</u>
 Total Endowment Funds	 <u>\$13,601</u>	 <u>\$2,882</u>	 <u>\$16,483</u>
 2019			
Board designated funds	\$14,191		\$14,191
Donor-restricted Endowment Funds:			
Original gifts and amounts required to be maintained in perpetuity by donors		\$2,435	2,435
Accumulated investment gains	<u> </u>	<u> 572</u>	<u> 572</u>
 Total Endowment Funds	 <u>\$14,191</u>	 <u>\$3,007</u>	 <u>\$17,198</u>

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of gifts donated to the donor-restricted endowment or the level that the donors otherwise require the Organization to retain as a fund of perpetual duration. There were no underwater endowment funds at June 30, 2020 and 2019.

Investment and Spending Policies

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. Currently, the endowment fund is subject to an annual spending rate of 4.50%.

NOTE 6 - ENDOWMENT (CONTINUED)

Activity in the endowment by net asset class for the years ended June 30, 2020 and 2019 is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds at June 30, 2018	\$13,797	\$2,924	\$16,721
Change in value of beneficial interest in assets held by Community Foundation	<u>394</u>	<u>83</u>	<u>477</u>
Endowment Funds at June 30, 2019	14,191	3,007	17,198
Change in value of beneficial interest in assets held by Community Foundation	<u>(590)</u>	<u>(125)</u>	<u>(715)</u>
Endowment Funds at June 30, 2020	<u>\$13,601</u>	<u>\$2,882</u>	<u>\$16,483</u>

NOTE 7 - LOANS AND REFUNDABLE GRANTS

The Organization has loan agreements with the City of Fort Wayne (City) for the rehabilitation and construction of six homes. The loan agreements call for costs incurred in the rehabilitation or construction of homes to be loaned to the Organization. Upon completion of the homes and the property being occupied by qualified tenants, the funds advanced to the Organization under the agreement for each property were formalized as promissory notes between the Organization and the City for either a 17- or 22-year period. The loan terms call for no interest or principal payments over the life of the loan with a maturity date in either January 2035 or January 2040 at which time the City may forgive the balance due. If the loan is forgiven, then any outstanding balance on the loan would be recognized as support without donor restrictions in the consolidated statements of activities. The loans are secured by each respective property. The Organization had loans outstanding in total of \$348,188 related to these loan agreements as of June 30, 2020 and 2019.

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 April 2034 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, 2020 and 2019.

On April 29, 2020, the Organization received loan proceeds of \$144,900 under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The loan, including accrued interest, is forgivable as long as the Organization uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities. The Organization intends to use the proceeds for purposes consistent with the PPP and plans to apply for forgiveness during fiscal year 2021.

While the Organization believes that its use of the proceeds will meet the conditions for forgiveness of the loan, such forgiveness is subject to approval by the bank and the U.S. Small Business Administration (SBA). Any unforgiven portion accrues interest at 1% and is due in April 2022. Under the Paycheck Protection Flexibility Act, loan payments, including interest, have been deferred until the SBA remits the loan forgiveness amount to the bank. The Organization will recognize the loan forgiveness amount as income upon legal release of the obligation by the bank. The Organization has classified the loan as a noncurrent liability based on the expectation that no payments will be required by the Organization for the loan.

NOTE 7 - LOANS AND REFUNDABLE GRANTS (CONTINUED)

The Organization received a private grant of \$500,000 in fiscal year 2019 for investment in the partnership, BW at Renaissance Pointe, LLC, to acquire and develop properties through tax credit-based financing and provide transitional rental housing. The grant is conditional on maintaining compliance for qualified tenants and specified programming for a 15-year period ending in June 2034. Upon successful completion of the compliance period, the grant will become unconditional. At June 30, 2020 and 2019, the Organization recorded a long-term refundable grant of \$500,000.

Subsequent to June 30, 2020, the Organization executed a line of credit agreement with Old National Bank for maximum borrowings of \$150,000. The agreement will mature in March 2022 and outstanding borrowings will bear interest at the Prime Rate.

NOTE 8 - NET ASSETS

Net Assets Without Donor Restrictions:

Net assets without donor restrictions consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Board-designated endowment fund	\$ 13,601	\$ 14,191
Board-designated for future capital and operational needs	122,704	
Board-designated for future purchase and maintenance of homes	73,356	73,249
Invested in property and equipment, net of related debt	2,091,322	2,152,681
Undesignated	<u>(165,779)</u>	<u>(140,063)</u>
Total Net Assets Without Donor Restrictions	<u>\$2,135,204</u>	<u>\$2,100,058</u>

Net Assets With Donor Restrictions:

Net assets with donor restrictions consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Subject to Expenditures for Specified Purpose:		
Village Phase II Rental Home Program:		
Family enhancement	\$ 2,351	\$ 6,795
Home purchases and improvements	135,600	70,000
Capital improvements		25,445
Other	3,631	
Vincent House:		
Food and shelter	54,403	95,000
Youth Services:		
Child and family services	<u>5,262</u>	<u>16,130</u>
	201,247	213,370
Subject to the Passage of Time:		
Promises to give or grants that are not restricted by donors, but which are unavailable for expenditure until due	146,500	100,000
Endowment Subject to Appropriation – Available for General Use	<u>2,882</u>	<u>3,007</u>
Total Net Assets With Donor Restrictions	<u>\$350,629</u>	<u>\$316,377</u>

NOTE 8 - NET ASSETS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended June 30, 2020 and 2019:

	2020	2019
Expiration of time restrictions	\$ 95,000	\$ 45,000
Satisfaction of Purpose Restrictions:		
Vincent Village Phase II Rental Program:		
Education		3,000
Family enhancement	11,795	18,205
Home purchases and improvements	79,941	11,500
Capital improvements		19,778
C.N.A. scholarships		1,805
Other	43,821	
Vincent House:		
Food and shelter	107,514	112,000
Youth Services:		
Parent and teacher program	12,000	10,000
Child and family services	<u>18,868</u>	<u>65,332</u>
 Total Net Assets Released from Restriction	 <u>\$368,939</u>	 <u>\$286,620</u>

NOTE 9 - LEASES

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, 2020 and 2019. 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 and ended on June 30, 2019. The Organization entered into a new agreement with the same tenant effective July 1, 2019 and expiring on July 31, 2032, unless terminated by either party with a sixty-day notice. The agreement requires monthly payments of \$3,333. Total revenue recognized from the above lease agreements was \$39,996 and \$12,000 and for the years ended June 30, 2020 and 2019, 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 \$115,707 and \$154,419 for the years ended June 30, 2020 and 2019, respectively.

NOTE 10 - 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, 2020 and 2019 was \$4,061 and \$3,041, respectively.

NOTE 11 - CONCENTRATION OF REVENUES

The Organization had revenue from one and two funding sources which made up 12% and 44% of its total revenue and support, excluding in-kind donations, for the years ending June 30, 2020 and 2019, respectively.

NOTE 12 - UNCERTAINTY RELATED TO CORONAVIRUS

On January 30, 2020, the World Health Organization declared a global health emergency over the novel coronavirus known as COVID-19. The ultimate impact of the outbreak to the Organization's financial results and operations cannot be determined at this time. The Organization has been able to continue services prior to the end of June 30, 2020 and during the current fiscal year to become more flexible with remote programming. The Organization's management also believes the CARES Act funding discussed in Note 7 and its current financial position will allow the Organization to mitigate the impact of the outbreak in the short term.