

ST. VINCENT DE PAUL BATON ROUGE COUNCIL
PARTICULAR COUNCIL OF ST. VINCENT DE PAUL
OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.
ST. VINCENT DE PAUL PROPERTIES
THE SOCIETY OF ST. VINCENT DE PAUL FOUNDATION

SEPTEMBER 30, 2018

BATON ROUGE, LOUISIANA

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Independent Auditor's Report

To the Board of Directors
St. Vincent de Paul Baton Rouge Council
Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana
St. Vincent de Paul Community Pharmacy, Inc.
St. Vincent de Paul Properties
The Society of St. Vincent de Paul Foundation
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of St. Vincent de Paul Baton Rouge Council, Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana, St. Vincent de Paul Community Pharmacy, Inc., St. Vincent de Paul Properties, and The Society of St. Vincent de Paul Foundation (the Organizations), which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organizations referenced above as of September 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2019, on our consideration of the Organizations' 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 Organizations' 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 Organizations' internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
February 25, 2019

ST. VINCENT DE PAUL BATON ROUGE COUNCIL
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2018

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 2,166,195
Investments	3,476,304
Grants Receivable	131,301
Other Receivable	30,428
Accrued Interest	1,521
Prepaid Expenses	45,730
Inventory	199,231
	6,050,710

Total Current Assets 6,050,710

Property, Plant and Equipment, Net of Accumulated Depreciation 5,506,159

Investment in GCHP-One Stop, L.L.C. 204,419

Other Assets 8,600

Total Assets \$ 11,769,888

LIABILITIES AND NET ASSETS

Current Liabilities:

Current Portion of Long-Term Debt	\$ 49,868
Accounts Payable	50,673
Accrued Liabilities	118,274
	218,815

Total Current Liabilities 218,815

Long-Term Liabilities:

Long-Term Debt 25,761

Net Assets:

Unrestricted	11,061,084
Temporarily Restricted	391,402
Permanently Restricted	72,826
	11,525,312

Total Net Assets 11,525,312

Total Liabilities and Net Assets \$ 11,769,888

The accompanying notes are an integral part of this statement.

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CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue:				
Public Support:				
Contributions	\$ 1,770,024	\$ 735,718	\$ -	\$ 2,505,742
Conference Income	704,387	-	-	704,387
Donated Facilities/Commodities/ Inventory/Pharmaceuticals/Services	2,721,822	-	-	2,721,822
Total Public Support	5,196,233	735,718	-	5,931,951
Revenue:				
Grant Income	-	1,060,861	-	1,060,861
Sale of Merchandise	1,452,405	-	-	1,452,405
Miscellaneous Income	102,561	-	-	102,561
Net Gain on Investments	172,937	-	-	172,937
Loss on Disposition of Assets	(641)	-	-	(641)
Interest Income	73,645	244	-	73,889
Total Revenue	1,800,907	1,061,105	-	2,862,012
Total Public Support and Revenue	6,997,140	1,796,823	-	8,793,963
Net Assets Released from Restrictions:				
Satisfaction of Restrictions	2,881,313	(2,881,313)	-	-
Total Public Support, Revenue, and Net Assets Released from Restrictions	9,878,453	(1,084,490)	-	8,793,963
Expenses:				
Program Services	7,614,220	-	-	7,614,220
Fund Raising	244,568	-	-	244,568
Management and General	355,272	-	-	355,272
Total Expenses	8,214,060	-	-	8,214,060
Change in Net Assets	1,664,393	(1,084,490)	-	579,903
Net Assets at Beginning of Year	9,396,691	1,475,892	72,826	10,945,409
Net Assets at End of Year	\$ 11,061,084	\$ 391,402	\$ 72,826	\$ 11,525,312

The accompanying notes are an integral part of this statement.

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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Program Services							Supporting Services			Total Program and Support		
	Store	Dining Room	Shelter	Particular Council	Properties	Council	Foundation	Pharmacy	Total Program	Fund Raising		Management and General	Total Support
Salaries and Employee Benefits	\$ 635,897	\$ 246,209	\$ 756,867	\$ 49,300	\$ -	\$ -	\$ -	\$ 157,662	\$ 1,845,935	\$ 136,809	\$ 188,430	\$ 325,239	\$ 2,171,174
Payroll Taxes	53,894	19,392	60,470	7,500	-	-	-	13,139	154,395	9,001	13,270	22,271	176,666
Advertising	117,740	2,058	12,428	-	-	-	-	364	132,590	15,715	3,304	19,019	151,609
Auto	49,512	1,268	7,847	-	-	-	-	-	58,627	-	1,495	1,495	60,122
Assistance to Needy and Disaster Relief	1,242	3,726	162,802	-	-	-	-	-	167,770	4,969	9,937	14,906	182,676
Assistance to Needy by Conferences	-	-	-	-	-	745,783	-	-	745,783	-	-	-	745,783
Dues & Publications	1,822	4,237	6,360	-	-	-	-	-	12,419	5,650	11,300	16,950	29,369
Employee Benefits	21,827	10,961	25,434	-	-	-	-	16,464	74,686	6,157	10,565	16,722	91,408
Food Supply Expense	317	381,985	262,209	-	-	-	-	-	644,511	50	139	189	644,700
Insurance	92,362	49,183	106,150	24,000	-	-	-	19,940	291,635	9,832	6,091	15,923	307,558
Legal and Professional	28,304	7,217	22,590	900	2,750	-	3,986	2,875	68,622	3,378	26,527	29,905	98,527
Miscellaneous	44,309	31,820	15,424	-	-	-	28,009	-	119,562	131	7,501	7,632	127,194
Events	886	2,659	5,206	-	-	-	-	-	8,751	7,598	7,091	14,689	23,440
Printing	439	1,318	1,757	-	-	-	-	-	3,514	18,434	3,515	21,949	25,463
Pharmacist Hours (Donated)	-	-	-	-	-	-	-	34,674	34,674	-	-	-	34,674
Pharmaceuticals (Donated)	-	-	-	-	-	-	-	571,934	571,934	-	-	-	571,934
Pharmaceuticals Purchased	-	-	-	-	-	-	-	44,356	44,356	-	-	-	44,356
Repairs and Maintenance	78,067	29,682	72,001	-	-	-	-	4,841	184,591	1,293	14,998	16,291	200,882
Rent Expense	197,777	1,120	5,656	6,000	-	-	-	-	210,553	-	-	-	210,553
Store & Uniform Expense	1,644,045	-	-	-	-	-	-	-	1,644,045	-	-	-	1,644,045
Supplies	22,969	47,815	77,573	-	-	-	-	4,909	153,266	10,803	17,183	27,986	181,252
Postage	1,161	3,206	6,434	-	-	-	-	242	11,043	8,182	8,549	16,731	27,774
Telephone	37,778	2,246	9,230	-	-	-	-	1,855	51,109	4,024	873	4,897	56,006
Travel and Conventions	61	184	245	-	-	-	-	-	490	244	490	734	1,224
Utilities	54,821	21,494	63,108	-	-	-	-	15,091	154,514	2,298	4,717	7,015	161,529
Subtotal	3,085,230	867,780	1,679,791	87,700	2,750	745,783	31,995	888,346	7,389,375	244,568	335,975	580,543	7,969,918
Depreciation	56,559	41,070	125,530	-	-	-	-	1,686	224,845	-	19,297	19,297	244,142
Total	\$ 3,141,789	\$ 908,850	\$ 1,805,321	\$ 87,700	\$ 2,750	\$ 745,783	\$ 31,995	\$ 890,032	\$ 7,614,220	\$ 244,568	\$ 355,272	\$ 599,840	\$ 8,214,060

The accompanying notes are an integral part of this statement.

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Cash Flows From Operating Activities:

Change in Net Assets	\$ 579,903
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	244,142
Loss on Disposition of Assets	641
Unrealized Gains on Investments	(142,251)
Realized Gains on Investments	(30,686)
Changes in Assets and Liabilities:	
(Increase) Decrease in Grants Receivable	51,630
(Increase) Decrease in Other Receivables	15,996
(Increase) Decrease in Accrued Interest	175
(Increase) Decrease in Prepaid Expenses	(1,465)
(Increase) Decrease in Inventory	23,109
Increase (Decrease) in Accrued Liabilities	(33,504)
Increase (Decrease) in Accounts Payable	(167,759)
Cash Provided by Operating Activities	539,931

Cash Flows From Investing Activities:

Investment in GCHP-One Stop, L.L.C.	(35,334)
Net Purchases of Investments	(55,166)
Purchases of Building and Equipment	(716,437)
Net Cash Used in Investing Activities	(806,937)

Cash Flows From Financing Activities:

Repayments of Debt	(48,237)
Net Cash Used in Financing Activities	(48,237)

Net Decrease in Cash and Cash Equivalents (315,243)

Cash and Cash Equivalents - Beginning of Year 2,481,438

Cash and Cash Equivalents - End of Year \$ 2,166,195

Supplemental Disclosure of Cash Flow Information:

Cash Payments for:	
Interest	\$ 3,363

The accompanying notes are an integral part of this statement.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 1 - Summary of Significant Accounting Policies -

These consolidated financial statements include the activity of St. Vincent de Paul Baton Rouge Council and its wholly-owned subsidiaries, Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana and its subsidiary, St. Vincent de Paul Community Pharmacy, Inc., St. Vincent de Paul Properties, and The Society of St. Vincent de Paul Foundation (collectively, the “Organizations”). All significant intercompany balances and transactions have been eliminated in consolidation.

Nature of Activities

The Society of St. Vincent de Paul Baton Rouge Council (“Council”) is a nonprofit corporation organized under the laws of the State of Louisiana for the following purpose: (a) foster, encourage and carry out the works of charity in the spirit of the Society of St. Vincent de Paul, a lay organization of the Catholic Church; (b) unite all St. Vincent de Paul Conferences in the Diocese of Baton Rouge, Louisiana; (c) ensure that all Baton Rouge St. Vincent de Paul Conferences conduct their affairs according to the Rule set forth in the manual of the Society of St. Vincent de Paul in the United States. The members of the Council are the presidents of those Baton Rouge SVDP Conferences that are aggregated and in good standing with the Council. The Organization is exempt from income taxes under 501(c)(3) of the Internal Revenue Code.

The Particular Council of St. Vincent de Paul of Baton Rouge (“Particular Council”) is a nonprofit corporation organized under the laws of the State of Louisiana for the purpose of operating special works as the Society of St. Vincent de Paul, a lay organization of the Catholic Church; operating salvage stores; providing a feeding facility for the needy; providing four shelters and one day center for the homeless; a transitional apartment complex for homeless women; and employment, rehabilitation and opportunities for personal growth to disadvantaged individuals. The sole member of the Particular Council is the St. Vincent de Paul Baton Rouge Council. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

St. Vincent de Paul Community Pharmacy, Inc. (“Pharmacy”) is a nonprofit corporation organized under the laws of the State of Louisiana for the purpose of providing a pharmacy for disadvantaged individuals. The Pharmacy operates as a special work of the Society of St. Vincent de Paul, a lay organization of the Catholic Church. The sole member of the Pharmacy is the Particular Council of St. Vincent de Paul Baton Rouge, Louisiana. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

St. Vincent de Paul Properties (“Properties”) is a nonprofit Organization organized and operated for the exclusive purpose of holding title of property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to the Particular Council of St. Vincent de Paul of Baton Rouge,

Louisiana, a lay organization of the Catholic Church. The sole member of Properties is St. Vincent DePaul Baton Rouge Council. The Organization is exempt from income taxes under 501(c)(3) of the Internal Revenue Code.

The Society of St. Vincent de Paul Foundation (“Foundation”) is a nonprofit corporation organized under the laws of the State of Louisiana to be operated exclusively for the benefit of the Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana, a lay organization of the Catholic Church. The Foundation’s primary role is to raise financial resources for the Particular Council. The sole member of the Foundation is St. Vincent de Paul Baton Rouge Council. The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organizations may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended September 30, 2018.

The Organizations file income tax returns in the U.S. federal tax jurisdiction. With few exceptions, the Organizations are no longer subject to federal income tax examinations by tax authorities for years before 2014. Any interest and penalties assessed by income taxing authorities are not significant and are included in general and administrative expenses in these financial statements.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Organizations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted support that increases those net asset classes, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated Statement of Activities as net assets released from restrictions.

It is the Organizations’ policy to report contributions of long-lived assets without donor restrictions on the use of the long-lived assets as unrestricted revenue. Contributions of cash or other assets restricted to acquisition or construction of long-lived assets are recorded as temporarily restricted contributions. Once the long-lived assets are acquired or placed into service and if there are no donor restrictions on the long-lived asset's use, the donor restrictions are considered met and the temporarily restricted net assets are released and reclassified to the unrestricted net asset class.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Donated Assets, Goods and Services

Land, buildings and equipment received as donations are recognized in the accompanying consolidated financial statements at their estimated fair market value at the date they are received.

The value of donated items received for resale in the salvage store is recognized in the accompanying consolidated financial statements at their estimated fair value only to the extent that the items were resold. Any items not resold are not recorded as donations in the consolidated financial statements because there is no objective basis available to value such items.

The Organizations recognize contribution revenue for certain services received at the fair value of those services provided those services create or enhance nonfinancial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended September 30, 2018, donated services of the pharmacist and accounting services were recorded as the services were performed. The value of other contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. Nevertheless, a number of volunteers donate a significant amount of time in the operations of the stores and dining hall.

The value of donated food received at the dining hall is recognized in the accompanying consolidated financial statements based on the number of meals served. Donated pharmaceuticals are reflected as contributions at the time used.

St. Vincent de Paul donates space to two dentists to provide dental services for shelter residents. The dentists provide all of their own supplies. St. Vincent de Paul also donates space to Thirst for Justice. The Organizations do not record donated revenue for these services because they merely provide the space.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the consolidated Statement of Cash Flows, the Organizations consider all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Consolidated Statement of Financial Position. Unrealized gains and losses are included in the Consolidated Statement of Activities. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities accounts will occur in the near term and that such changes could materially affect the amounts reported in the Consolidated Statement of Activities.

Inventory

Inventory is valued at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory is primarily purchased uniforms.

Property and Equipment

Expenditures for the acquisition of property and equipment are capitalized at cost. The fair value of donated property and equipment is similarly capitalized. Depreciation is provided over the estimated useful lives of the assets, which range from 5 to 39 years, using the straight-line and various accelerated methods.

Contributed Facilities

The Organizations operate, without charge, certain premises upon which their salvage store and shelters are located. The estimated fair rental value of the premises is reported as support and expense in the year in which the premises are used.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Consolidated Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the time spent on each program.

Subsequent Events

The Organizations evaluated subsequent events and transactions for potential recognition or disclosure on the financial statements through February 25, 2019, the date which the financial statements were available to be issued.

After September 30, 2018 two store locations, Brusly and Government Street, were closed.

Note 2 - Property, Plant and Equipment -

A summary of fixed assets as of September 30, 2018 follows:

	Particular Council of SVDP	St. Vincent de Paul Pharmacy	St. Vincent de Paul Properties	Consolidated Total
Buildings and Leasehold Improvements	\$ 6,034,045	\$ 4,806	\$ -	\$ 6,038,851
Equipment, Furnishings and Vehicles	1,714,560	20,127	-	1,734,687
	7,748,605	24,933	-	7,773,538
Less: Accumulated Depreciation	(3,260,028)	(19,369)	-	(3,279,397)
	4,488,577	5,564	-	4,494,141
Construction in Progress	25,000	-	-	25,000
Land	697,937	-	289,081	987,018
	\$ 5,211,514	\$ 5,564	\$ 289,081	\$ 5,506,159

Depreciation expense for the year ended September 30, 2018 was \$244,142.

A description of the Construction in Progress is included in Note 14.

Note 3 - Concentrations -

Concentrations of credit risk and revenue sources are limited due to the large number of contributions comprising the Organizations' contributor base.

The Organizations maintain cash accounts with commercial banks, which are insured by the Federal Deposit Insurance Corporation up to the maximum allowed. Periodically, cash may exceed the federally insured amount. In addition, cash is on deposit with the Diocese of Baton Rouge and funds are secured by the investment in the Deposit and Loan Fund and by the guaranty of the Diocese.

Note 4 - 403(b) Program -

The Particular Council and the Pharmacy each have a 403(b) program for its employees. Under the programs, qualified employees are able to make elective deferrals and the Organizations contribute up to a maximum of 6% of qualified wages. The total contribution for the year ended September 30, 2018 for the Particular Council and the Pharmacy was \$74,076 and \$8,589, respectively.

Note 5 - Endowment Funds -

The Particular Council has adopted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This law provides standards to establish investment policies in a prudent manner by establishing a duty to minimize cost, diversify the investments, investigate facts relevant to the investment of the fund, consider tax consequences of investment decisions and to ensure that investment decisions are made in light of the fund's entire portfolio as a part of an investment strategy having risk and return objectives reasonably suited to the fund and to the organization. UPMIFA also permits the Particular Council to accumulate for expenditure so much of an endowment fund as the Particular Council determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established, thereby eliminating the restriction that a fund could not be spent below its historical dollar value. Seven criteria are to be used to guide the Particular Council in its yearly expenditure decisions:

- (1) duration and preservation of the endowment funds,
- (2) the purposes of the Particular Council and the endowment funds,
- (3) general economic conditions,
- (4) effect of inflation or deflation,
- (5) the expected total return from income and the appreciation of investments,
- (6) other resources of the Particular Council, and
- (7) the investment policy of the Particular Council.

The Particular Council has followed the policy of investing its endowment funds in its savings account. As required by generally accepted accounting principles, and in accordance with the terms of the fund agreements, these endowment funds and the net appreciation (depreciation) of these funds are recorded as permanently restricted net assets in these financial statements. The historical cost of the net assets associated with the endowment funds will be preserved, and any remaining net appreciation (depreciation) that is not classified in permanently restricted net assets is classified as temporarily restricted or unrestricted net assets.

Endowment net asset composition by type of fund as of September 30, 2018 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Donor Restricted Endowment Funds	\$ -	\$ -	\$ 72,826	\$ 72,826

Changes in endowment net assets for the year ended September 30, 2018 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Endowment Net Assets, Beginning of Year	\$ -	\$ -	\$ 72,826	\$ 72,826
Contributions	-	-	-	-
Investment Income	-	244	-	244
Amounts Appropriated for Expenditure	-	(244)	-	(244)
Endowment Net Assets, End of Year	\$ -	\$ -	\$ 72,826	\$ 72,826

Note 6 - Investments -

At September 30, 2018, the fair values of the Foundation's investments were as follows:

Mutual Funds:	
Equities	\$ 2,094,030
Fixed Income	<u>1,382,274</u>
	<u>\$ 3,476,304</u>

Net unrealized gains of \$142,251 and realized gains of \$30,686 were recognized for the year ended September 30, 2018.

Note 7 - Fair Value Measurements -

The fair value measurement accounting literature provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Foundation has the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the asset.

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset'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. When

available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis at September 30, 2018:

Level 1 - Mutual Funds - Valued at fair value based on quoted market price of the shares held by the Particular Council at year end.

The Foundation's investments are reported at fair value in the accompanying consolidated statement of financial position. The methods used to measure fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value on a recurring basis as of September 30, 2018:

	Fair Value as of September 30, 2018			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Equities	\$ 2,094,030	\$ -	\$ -	\$ 2,094,030
Fixed Income	1,382,274	-	-	1,382,274
Total Investments	\$ 3,476,304	\$ -	\$ -	\$ 3,476,304

Note 8 - GCHP- One Stop, L.L.C. - Leases -

St. Vincent de Paul Properties, as Landlord, entered into a grounds lease with GCHP-One Stop, L.L.C., as Tenant, on July 30, 2010. This lease has a rental term of 50 years with a renewal option for an additional 25 years, and may be terminated by the Landlord after 15 years with 30 days written notice. If the termination option is exercised more than 15 years but less than 30 years after inception of the lease, the Landlord would assume the notes, mortgages, and regulatory agreements of the Tenant related to the construction of the leased facility and improvements, and would be required to continue to operate the leased facilities. If the termination option is exercised more than 30 years after inception of the lease, the Landlord would not assume any notes, mortgages, or regulatory agreements, but would be required to continue to operate the leased facilities. The total lease payments to be received each year equal \$100 and payment is due in January each year. The following is a schedule by year of the future minimum lease payments receivable under the lease at September 30, 2018:

Fiscal Year:	
2019	\$ 100
2020	100
2021	100
2022	100
2023	100
Thereafter	<u>3,600</u>
Total Future Minimum Lease Payments Receivable	<u>\$ 4,100</u>

Note 9 - Investment in GCHP- One Stop, L.L.C. -

In July 2010, the Particular Council acquired a 24% interest in GCHP- One Stop, L.L.C., a limited liability company established to develop the One Stop Homeless Service Center and Housing Project. The Particular Council accounts for its investment in the unconsolidated affiliate by the equity method. The Particular Council records its share of such earnings (loss) in the Consolidated Statement of Activities and the carrying value of the investment in the unconsolidated affiliate is recorded in the Consolidated Statement of Financial Position as "Investment in GCHP-One Stop, L.L.C." The investment in the affiliate at September 30, 2018 was \$204,419.

Note 10 - Notes Payable -

During 2011, The Particular Council of St. Vincent de Paul of Baton Rouge (Special Works) obtained a line of credit with the Diocese of Baton Rouge, which was used to purchase property on Florida Boulevard, a warehouse on North Street, and to complete the renovations to the warehouse. This line of credit had a maximum borrowing value in the amount of \$470,000 and was drawn on by the Particular Council on an as needed basis. This line of credit was converted to a term loan effective November 2014. At September 30, 2018 the term loan is comprised of the following:

Loan with the Diocese of Baton Rouge dated November 19, 2014 with an original principal balance of \$252,850 payable in 65 monthly installments of \$4,300 which includes interest at a rate of 3.5%. The note is uncollateralized.	\$ 75,629
Less: Current Portion	<u>(49,868)</u>
Long-Term Portion	<u>\$ 25,761</u>

The maturities on the long-term portion of debt are as follows:

2020	<u>\$ 25,761</u>
------	------------------

Total interest expense paid on this loan for the year ended September 30, 2018 was \$3,363.

Note 11 - Net Assets Released from Restrictions -

Net assets were released from restrictions for incurring expenses satisfying their restricted purposes as follows:

	Particular Council of SVDP	St. Vincent de Paul Pharmacy	Consolidated Total
Uniforms for Kids	\$ 193,625	\$ -	\$ 193,625
Shelter Contributions	281,083	-	281,083
Grants	673,531	134,281	807,812
Dining Room Contributions	165,306	-	165,306
Dental Contributions	923	-	923
Mobile Kitchen	1,326	-	1,326
Disaster Contributions	40,862	-	40,862
Build a Basket	2,562	-	2,562
Gift Program	2,549	-	2,549
V150	1,385,265	-	1,385,265
Total Restrictions Released	<u>\$ 2,747,032</u>	<u>\$ 134,281</u>	<u>\$ 2,881,313</u>

Note 12 - Restrictions/Transfers of Net Assets -

The Organizations received contributions from individuals for the purpose of purchasing school uniforms for disadvantaged children. The funds are restricted to the purchase of new uniforms.

The Organizations received contributions for the purpose of expanding the Pharmacy, the Bishop Ott Sweet Dreams Women and Children Shelter and other building costs. The funds are restricted for the purpose of building related expenses.

The Organizations received grants from various sources. The funds are restricted for the purpose of the various grants.

The Organizations received contributions for the purpose of operating its mobile kitchen. The funds are restricted for the purpose of operating the mobile kitchen.

The Organizations received contributions for the purposes of providing assistance to those affected by natural disasters.

The Organizations received contributions for the purposes of providing gifts to disadvantaged children. The funds are restricted to the purchase of toys and gifts.

Temporarily restricted net assets are available for the following purposes:

	Particular <u>Council of SVDP</u>	St. Vincent <u>de Paul Pharmacy</u>	Consolidated <u>Total</u>
Pharmaceuticals	\$ -	\$ 40,907	\$ 40,907
Grants	29,945	-	29,945
Dining Room Contributions	196	-	196
Dental Contributions	3,915	-	3,915
Chapel	208,650	-	208,650
Disaster Contributions	33,799	-	33,799
Community Garden	1,128	-	1,128
Mobile Kitchen	46,485	-	46,485
Gift Program	26,377	-	26,377
	<u>\$ 350,495</u>	<u>\$ 40,907</u>	<u>\$ 391,402</u>

Permanently restricted net assets are available for the following purposes:

Dining Room Operations	<u>\$ 72,826</u>
------------------------	------------------

Note 13 - Related Party -

The Organizations utilize the Diocese of Baton Rouge for the following self-insured services: property, health, life/disability insurance and dental insurance. Payments made directly to the Diocese of Baton Rouge for these services totaled \$469,771 for the fiscal year ended September 30, 2018. In addition to the self-insurance services, the Diocese of Baton Rouge has loaned the Particular Council funds as indicated in Note 10 for the purchase of property and related renovations. The balance due to the Diocese of Baton Rouge at September 30, 2018 is \$75,629 and the Particular Council has made \$3,363 in interest payments related to this debt during the year ended September 30, 2018.

The Organizations pay solidarity dues to the national Society of St. Vincent dePaul. During the fiscal year ended September 30, 2018, solidarity dues of \$25,474 were paid by the Organizations.

Note 14 - Commitments -

On February 5, 2018, with consent of the Board of Directors, management executed a contract with an architect for services related to the construction of a Day and Disaster Emergency Shelter. The contract indicates that the maximum fee to be charged is \$50,000. As of September 30, 2018 billings for architect fees totaled \$25,000, which is included in Construction in Progress. No construction contract has been entered into for the Day and Disaster Emergency Shelter.

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Independent Auditor's Report on Internal
Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit
of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Directors
Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana
St. Vincent de Paul Community Pharmacy, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana, and St. Vincent de Paul Community Pharmacy, Inc., (the Organizations), which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 25, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organizations' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. Additional matters were communicated to management in a separate written communication.

Purpose of this Report

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

This report is intended solely for the information and use of the Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
February 25, 2019

**PARTICULAR COUNCIL OF ST. VINCENT DE PAUL OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.**

SUMMARY SCHEDULE OF AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

None

**PARTICULAR COUNCIL OF ST. VINCENT DE PAUL OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

There were no prior year audit findings.

SUPPLEMENTARY INFORMATION

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Independent Auditor's Report on
the Supplementary Information

To the Board of Directors
St. Vincent de Paul Baton Rouge Council
Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana
St. Vincent de Paul Community Pharmacy, Inc.
St. Vincent de Paul Properties
The Society of St. Vincent de Paul Foundation
Baton Rouge, Louisiana

We have audited the consolidated financial statements of the St. Vincent de Paul Baton Rouge Council, Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana, St. Vincent de Paul Community Pharmacy, Inc., St. Vincent de Paul Properties, and The Society of St. Vincent de Paul Foundation as of and for the year ended September 30, 2018, and have issued our report thereon dated February 25, 2019, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The supplementary information on pages 22 - 26 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
February 25, 2019

ST. VINCENT DE PAUL BATON ROUGE COUNCIL
PARTICULAR COUNCIL OF ST. VINCENT DE PAUL OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.
ST. VINCENT DE PAUL PROPERTIES
THE SOCIETY OF ST. VINCENT DE PAUL FOUNDATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2018

	<u>ASSETS</u>					Eliminations	Total
	St. Vincent dePaul Council	Particular Council of St. Vincent dePaul (Special Works)	St. Vincent dePaul Properties	St. Vincent dePaul Foundation	St. Vincent dePaul Pharmacy		
Current Assets:							
Cash and Cash Equivalents	\$287,474	\$ 1,209,310	\$ 2,000	\$ 607,514	\$ 59,897	\$ -	\$ 2,166,195
Investments	-	-	-	3,476,304	-	-	3,476,304
Grants Receivable	-	108,344	-	-	22,957	-	131,301
Other Receivable	-	30,328	-	-	100	-	30,428
Accrued Interest	-	839	-	680	2	-	1,521
Prepaid Expenses	-	40,353	-	-	5,377	-	45,730
Inventory	-	173,859	-	-	25,372	-	199,231
Due From Related Entities	-	4,400	-	-	5,195	(9,595)	-
Total Current Assets	287,474	1,567,433	2,000	4,084,498	118,900	(9,595)	6,050,710
Property, Plant and Equipment, Net of Accumulated Depreciation	-	5,211,514	289,081	-	5,564	-	5,506,159
Investment in GCHP-One Stop, L.L.C	-	204,419	-	-	-	-	204,419
Other Assets	-	8,600	-	-	-	-	8,600
Total Assets	\$287,474	\$ 6,991,966	\$ 291,081	\$4,084,498	\$ 124,464	\$ (9,595)	\$ 11,769,888

(CONTINUED)

ST. VINCENT DE PAUL BATON ROUGE COUNCIL
PARTICULAR COUNCIL OF ST. VINCENT DE PAUL OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.
ST. VINCENT DE PAUL PROPERTIES
THE SOCIETY OF ST. VINCENT DE PAUL FOUNDATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS OF SEPTEMBER 30, 2018

LIABILITIES AND NET ASSETS

	Particular Council					Eliminations	Total
	St. Vincent dePaul Council	of St. Vincent dePaul (Special Works)	St. Vincent dePaul Properties	St. Vincent dePaul Foundation	St. Vincent dePaul Pharmacy		
Current Liabilities:							
Current Portion of Long-Term Debt	\$ -	\$ 49,868	\$ -	\$ -	\$ -	\$ -	\$ 49,868
Accounts Payable	947	47,513	-	-	2,213	-	50,673
Accrued Liabilities	-	111,486	-	-	6,788	-	118,274
Due to Related Entities	4,400	5,195	-	-	-	(9,595)	-
Total Current Liabilities	5,347	214,062	-	-	9,001	(9,595)	218,815
Long-Term Liabilities:							
Long-Term Debt	-	25,761	-	-	-	-	25,761
Net Assets:							
Unrestricted	282,127	6,328,822	291,081	4,084,498	74,556	-	11,061,084
Temporarily Restricted	-	350,495	-	-	40,907	-	391,402
Permanently Restricted	-	72,826	-	-	-	-	72,826
Total Net Assets	282,127	6,752,143	291,081	4,084,498	115,463	-	11,525,312
Total Liabilities and Net Assets	\$287,474	\$ 6,991,966	\$ 291,081	\$4,084,498	\$ 124,464	\$ (9,595)	\$ 11,769,888

See independent auditor's report on the supplementary information.

**ST. VINCENT DE PAUL BATON ROUGE COUNCIL
PARTICULAR COUNCIL OF ST. VINCENT DE PAUL OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.
ST. VINCENT DE PAUL PROPERTIES
THE SOCIETY OF ST. VINCENT DE PAUL FOUNDATION**

CONSOLIDATING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	St. Vincent dePaul Council	Particular Council of St. Vincent dePaul (Special Works)	St. Vincent dePaul Properties	St. Vincent dePaul Foundation	St. Vincent dePaul Pharmacy	Eliminations	Total
Changes in Unrestricted							
Net Assets:							
Unrestricted Public Support and Revenues:							
Contributions	\$ -	\$ 1,620,856	\$ -	\$ -	\$ 229,391	\$ (80,223)	\$ 1,770,024
Conference Income	704,387	-	-	-	-	-	704,387
Donated Facilities/Commodities/ Inventory/Pharmaceuticals/Services	-	2,111,252	550	537	697,183	(87,700)	2,721,822
Sale of Merchandise	-	1,452,405	-	-	-	-	1,452,405
Interest Income	-	8,719	-	64,908	18	-	73,645
Loss on Disposition of Assets	-	(641)	-	-	-	-	(641)
Miscellaneous Income	-	102,361	-	-	200	-	102,561
Net Gain on Investments	-	-	-	172,937	-	-	172,937
Net Assets Released From Restrictions	-	2,747,032	-	-	134,281	-	2,881,313
Total Unrestricted Public Support and Revenues	704,387	8,041,984	550	238,382	1,061,073	(167,923)	9,878,453
Expenses:							
Program Services	745,783	6,023,883	2,750	31,995	895,732	(85,923)	7,614,220
Fund Raising	-	235,520	-	-	30,448	(21,400)	244,568
Management and General	-	325,275	-	-	90,597	(60,600)	355,272
Total Expenses	745,783	6,584,678	2,750	31,995	1,016,777	(167,923)	8,214,060
Change in Unrestricted Net Assets	(41,396)	1,457,306	(2,200)	206,387	44,296	-	1,664,393

(CONTINUED)

**ST. VINCENT DE PAUL BATON ROUGE COUNCIL
PARTICULAR COUNCIL OF ST. VINCENT DE PAUL OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.
ST. VINCENT DE PAUL PROPERTIES
THE SOCIETY OF ST. VINCENT DE PAUL FOUNDATION**

CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	St. Vincent dePaul Council	Particular Council of St. Vincent dePaul (Special Works)	St. Vincent dePaul Properties	St. Vincent dePaul Foundation	St. Vincent dePaul Pharmacy	Eliminations	Total
Changes in Temporarily Restricted Assets:							
Restricted Public Support and Revenues:							
Contributions	\$ -	\$ 735,718	\$ -	\$ -	\$ -	\$ -	\$ 735,718
Grant Income	-	890,665	-	-	170,196	-	1,060,861
Interest Income	-	244	-	-	-	-	244
Net Assets Released from Restrictions	-	(2,747,032)	-	-	(134,281)	-	(2,881,313)
Change in Temporarily Restricted Net Assets	-	(1,120,405)	-	-	35,915	-	(1,084,490)
Change in Net Assets	(41,396)	336,901	(2,200)	206,387	80,211	-	579,903
Net Assets, Beginning of Year	333,523	6,410,891	291,081	3,874,662	35,252	-	10,945,409
Transfer to (from) Entities	(10,000)	4,351	2,200	3,449	-	-	-
Net Assets, End of Year	\$ 282,127	\$ 6,752,143	\$ 291,081	\$ 4,084,498	\$ 115,463	\$ -	\$11,525,312

See independent auditor's report on the supplementary information.

ST. VINCENT DE PAUL BATON ROUGE COUNCIL
PARTICULAR COUNCIL OF ST. VINCENT DE PAUL OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.
ST. VINCENT DE PAUL PROPERTIES
THE SOCIETY OF ST. VINCENT DE PAUL FOUNDATION

SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO THE PRESIDENT & CEO

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Agency Head Name: Michael J. Acaldo

<u>Purpose</u>	<u>Amount</u>
Salary *	\$ 140,054
Benefits - Insurance	\$ 6,970
Benefits - Retirement	\$ 8,403
Conference Travel **	\$ 1,029

* Salary includes role as President and CEO, Development Director, Chief Grant Writer, Public Relations Director, Chief Operating Officer and Executive Role on the Foundation, Properties and Council.

** Conference travel is to the National Annual St. Vincent DePaul meeting. Attendance is expected.

See independent auditor's report on the supplementary information.



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To the Board of Directors
St. Vincent de Paul Baton Rouge Council,
Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana,
St. Vincent de Paul Community Pharmacy, Inc.,
St. Vincent de Paul Properties, and
The Society of St. Vincent de Paul Foundation
Baton Rouge, Louisiana

In planning and performing our audit of the consolidated financial statements of St. Vincent de Paul Baton Rouge Council, Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana, St. Vincent de Paul Community Pharmacy, Inc., St. Vincent de Paul Properties and the Society of St. Vincent de Paul Foundation (the Organizations) as of and for the year ended September 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Organizations' internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated February 25, 2019, on the financial statements of the Organizations.

We have already discussed these comments and suggestions with various Organizations' personnel and management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Accounting System

Finding

During the prior year audit we noted that the Organization discontinued the use of external spreadsheets to perform its monthly accounting for accounts receivable and accounts payables and began utilizing the appropriate modules in its new accounting CS software in order to eliminate redundant processing and improve the Organization's access to information and reduce duplication of efforts. However, we noted that the grant accounting was still being adjusted periodically with manual journal entries.

St. Vincent de Paul Baton Rouge Council,
Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana,
St. Vincent de Paul Community Pharmacy, Inc.,
St. Vincent de Paul Properties, and
The Society of St. Vincent de Paul Foundation

February 25, 2019

Page 2

Recommendation

We recommended that management implement a process to utilize the accounting CS software to automate its accounting for grants.

Corrective Action Taken

During fiscal year 2018, the Organization implemented a process of inputting grant related items in the accounting CS software as they occur and is no longer using manual adjustments to account for grant activity.

Conference Reporting

Finding:

During our current year audit, we noted that three of the conferences (St. John the Baptist, St. Joseph, and Sacred Heart conferences) did not submit their 2018 self-audit reports to the Council prior to the October 31 deadline mandated by the Council's conference reporting standards. We did note however that the three conferences did submit their reports after the deadline. We also noted that three conferences in the prior year audit did not submit their self-audit reports timely. Without consistent adherence to conference reporting standards, misstatements in conference financial statements, whether due to error or fraud, may not be detected.

Recommendation:

We again recommend that consistent adherence to conference reporting standards and related deadlines be enforced.

Management's Response:

The deadline for submission of conference reporting will continue to be communicated and enforced. Other than the instances noted above and based on audit procedures performed, it appears that all of the other conferences were timely in their submission of the required reports.

Segregation of Duties

Finding:

During our current year audit, the Organization notified us that a misappropriation of funds had occurred in one its conferences (St. Paul's). The conference treasurer wrote and authorized several checks that were made out to himself or to "cash" which resulted in a theft of conference funds by this individual. Upon the periodic review of bank activity by the conference board chair, this issue was detected and communicated to the Organization. Corrective action was taken to remove the treasurer from his position and to determine the full amount of the theft which was ultimately recovered through

St. Vincent de Paul Baton Rouge Council,
Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana,
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The Society of St. Vincent de Paul Foundation

February 25, 2019

Page 3

insurance. The total theft amounted to approximately \$800. The Organization and Conferences President also communicated to each of the conferences that check signing ability should be segregated to someone other than the person writing the checks or a dual signature should be required if the person writing the checks has the ability to sign.

Recommendation:

We recommend that the Organization re-evaluate its segregation of duties in the cash handling process including the controls that exist around its cash disbursements and receipts processes. Good internal control requires that no one person handle all elements of a single transaction. To the extent that it is practical, segregation of cash disbursements duties can be accomplished in the following ways - 1) a responsible official other than the person preparing the checks should review all checks and initial the related source documents before the checks are mailed. 2) Dual signatures should be required on all checks over a specified amount. 3) Someone other than the person preparing the check should sign and be responsible for the mailing. 4) Access to the blank checks or the keys to the imprinting machine should be limited to the personnel responsible for those functions. 5) A periodic review of the bank activity should be performed by someone in a supervisor or governance position. To the extent that it is practical, segregation of cash receipts duties can be accomplished in the following ways - 1) having persons who receive payments prepare a list to be used to post receipts to the applicable accounts by another person. The duties of either of these employees should not include preparing bank reconciliations. 2) Bonding persons handling cash.

This report is intended for the Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
February 25, 2019

PARTICULAR COUNCIL OF ST. VINCENT DE PAUL
OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

OCTOBER 1, 2017 THROUGH SEPTEMBER 30, 2018

BATON ROUGE, LOUISIANA



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Independent Accountant's Report
on Applying Agreed-Upon Procedures

Board of Directors of
Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana,
St. Vincent de Paul Community Pharmacy, Inc. and
the Louisiana Legislative Auditor
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana, and St. Vincent de Paul Community Pharmacy, Inc. (nonprofit organizations) (the Organizations) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2017 through September 30, 2018. The Organizations' management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget - **No findings**
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes. - **No findings**

- c) *Disbursements*, including processing, reviewing, and approving - **No findings**
- d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation). - **No findings**
- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked - **No findings**
- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process - **No findings**
- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases). - **No findings**
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. - **No findings**
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. - **Not applicable**
- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. - **Not applicable**

Collections

- 2. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 3. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers. - **No findings**
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit. - **No findings**

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit. - **No findings**
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation. - **No findings**
4. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft. - **No findings**
5. Randomly select two deposit dates for each of the items selected for procedure #3 (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the ten deposits and:
- a) Observe that receipts are sequentially pre-numbered. - **No findings**
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. - **No findings**
 - c) Trace the deposit slip total to the actual deposit per the bank statement. - **No findings**
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100). - **No findings**
 - e) Trace the actual deposit per the bank statement to the general ledger. - **No findings**

Travel and Travel Related Expense Reimbursements

6. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov). - **No findings.**
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased. - **No findings**
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).- **No findings**

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. - **No findings**

Other

7. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled. - **No findings**
8. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. - **No findings**

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Respectfully submitted,

Hanniss T. Bourgeois, LLP

Baton Rouge, Louisiana
February 25, 2019