

Audit Report

St. Vincent Family Services

Report on Audited Financial Statements

For the Years Ended June 30, 2022 and 2021

ST. VINCENT FAMILY SERVICES

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Independent Auditor's Report

To the Board of Trustees of
St. Vincent Family Services

Opinion

We have audited the accompanying financial statements of St. Vincent Family Services (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Vincent Family Services as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*

will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of St. Vincent Family Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Vincent Family Services' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Key Performance Indicators as required by the Alcohol, Drug and Mental Health Board of Franklin County and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2023, on our consideration of St. Vincent Family Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of St. Vincent Family Services' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Vincent Family Services' internal control over financial reporting and compliance.

Parms & Company, LLC

Columbus, Ohio
February 7, 2023

ST. VINCENT FAMILY SERVICES
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2022 and 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6,054,125	\$ 7,549,088
Cash restricted for various purposes	791,507	218,270
Accounts receivable, net	759,886	518,734
Pledges receivable, net current portion	974,887	377,613
Prepaid expenses and other assets	192,749	119,660
Total Current Assets	<u>8,773,154</u>	<u>8,783,365</u>
Non-Current Assets:		
Investments restricted for future use	183,440	219,889
Investments	14,921	7,030
Cash held by escrow trustee	-	49,358
Total Other Assets	<u>198,361</u>	<u>276,277</u>
Property and equipment, net	<u>6,220,977</u>	<u>6,604,558</u>
Total Assets	<u>\$ 15,192,492</u>	<u>\$ 15,664,200</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 216,010	\$ 345,742
Accrued expenses	671,811	649,562
Deferred Revenue	-	2,994
Paycheck Protection Program	-	1,999,484
Advances from State of Ohio, current portion	16,298	23,173
Advance from the Diocese of Columbus, current portion	55,074	53,538
Total Current Liabilities	<u>959,193</u>	<u>3,074,493</u>
Long-Term Liabilities:		
Advance from the Diocese of Columbus	1,839,480	1,895,042
Advances from State of Ohio, net of current portion	187,419	203,717
Total Long-Term Liabilities	<u>2,026,899</u>	<u>2,098,759</u>
Total Liabilities	2,986,092	5,173,252
Net Assets:		
Net Assets without Donor Restrictions	10,435,133	9,890,065
Net Assets with Donor Restrictions	1,771,267	600,883
Total Net Assets	<u>12,206,400</u>	<u>10,490,948</u>
Total Liabilities and Net Assets	<u>\$ 15,192,492</u>	<u>\$ 15,664,200</u>

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

ST. VINCENT FAMILY SERVICES
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>			<u>2021</u>		
	<u>Unrestricted</u>	<u>Donor Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Donor Restricted</u>	<u>Total</u>
Revenue and Support						
Medicaid	\$ 4,916,310	-	\$ 4,916,310	\$ 5,456,259	-	\$ 5,456,259
ADAMH Board of Franklin County	\$ 1,448,598	-	1,448,598	1,427,743	-	1,427,743
Public Schools Districts	425,441	-	425,441	518,170	-	518,170
Department of Education	294,632	-	294,632	215,884	-	215,884
Franklin County Depart. Job and Family Services	374,876	-	374,876	324,213	-	324,213
Forgiveness of debt from the State of Ohio	23,173	-	23,173	71,298	-	71,298
Contract revenue	2,737,425	-	2,737,425	2,590,702	-	2,590,702
Client fees & Commercial Insurance	21,434	-	21,434	36,435	-	36,435
United Way contributions	150,000	-	150,000	94,500	-	94,500
Contributions	290,258	1,359,159	1,649,417	841,630	565,407	1,407,037
In-kind contributions	71,496	-	71,496	68,800	-	68,800
Investment gain (loss) & Interest income	(18,012)	-	(18,012)	71,761	-	71,761
CARES Act & ARP Act Funding	2,876,380	-	2,876,380	3,153,333	-	3,153,333
Other income	13,686	-	13,686	7,735	-	7,735
Net assets released from restrictions	188,775	(188,775)	-	736,041	(736,041)	-
Total Revenue and Support	<u>13,814,472</u>	<u>1,170,384</u>	<u>14,984,856</u>	<u>15,614,504</u>	<u>(170,634)</u>	<u>15,443,870</u>
Expenses:						
Program Services						
Residential and foster care	3,798,282	-	3,798,282	3,510,796	-	3,510,796
Prep Academy Day Treatment	4,534,337	-	4,534,337	4,471,236	-	4,471,236
Educational support and camps	364,249	-	364,249	459,139	-	459,139
Community support	1,658,617	-	1,658,617	1,613,026	-	1,613,026
Other clinical services	1,224,980	-	1,224,980	1,584,030	-	1,584,030
Supporting Services						
Management and General	1,513,354	-	1,513,354	1,460,011	-	1,460,011
Fundraising	175,585	-	175,585	172,191	-	172,191
Total Expenses	<u>13,269,404</u>	<u>-</u>	<u>13,269,404</u>	<u>13,270,429</u>	<u>-</u>	<u>13,270,429</u>
Change in Net Assets	545,068	1,170,384	1,715,452	2,344,075	(170,634)	2,173,441
Net Assets, Beginning of Year	<u>9,890,065</u>	<u>600,883</u>	<u>10,490,948</u>	<u>7,545,990</u>	<u>771,517</u>	<u>8,317,507</u>
Net Assets, End of Year	<u>\$ 10,435,133</u>	<u>1,771,267</u>	<u>\$ 12,206,400</u>	<u>\$ 9,890,065</u>	<u>600,883</u>	<u>\$ 10,490,948</u>

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

ST. VINCENT FAMILY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	Program Services					Supportive Services			
	<u>Residential & Foster Care</u>	<u>Prep Academy Day Treatment</u>	<u>Educational Support & Camps</u>	<u>Community Support</u>	<u>Other Clinical Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	1,891,399	2,631,487	275,278	1,259,485	857,909	6,915,558	756,010	110,395	\$ 7,781,963
Benefits	168,321	234,183	24,498	112,085	76,348	615,435	67,279	9,824	692,538
Payroll taxes	158,806	220,945	23,113	105,749	72,032	580,645	63,476	9,269	653,390
	<u>2,218,526</u>	<u>3,086,615</u>	<u>322,889</u>	<u>1,477,319</u>	<u>1,006,289</u>	<u>8,111,638</u>	<u>886,765</u>	<u>129,488</u>	<u>9,127,891</u>
Contract services	788,673	124,616	8,042	29,453	48,159	998,943	16,680	-	1,015,623
Operating supplies and expenses	131,364	174,299	2,919	30,176	14,727	353,485	2,998	41,579	398,062
Information Technology	42,484	45,253	4,526	20,709	14,544	127,516	516,976	4,518	649,010
Buildings and grounds	325,003	253,931	13,277	31,614	84,324	708,149	36,464	-	744,613
Travel and transportation	2,524	543,679	239	14,019	80	560,541	67	-	560,608
Insurance and professional	62,278	62,464	2,831	16,613	10,925	155,111	7,237	-	162,348
Interest	10,863	15,692	1,699	7,513	5,437	41,204	11,739	-	52,943
Bad debt	-	-	-	-	-	-	9,000	-	9,000
In-kind rent and expenses	34,818	26,531	1,079	3,168	5,199	70,795	701	-	71,496
Other	3	4	-	2	1	10	8,419	-	8,429
	<u>3,616,536</u>	<u>4,333,084</u>	<u>357,501</u>	<u>1,630,586</u>	<u>1,189,685</u>	<u>11,127,392</u>	<u>1,497,046</u>	<u>175,585</u>	<u>12,800,023</u>
Total expenses before depreciation	3,616,536	4,333,084	357,501	1,630,586	1,189,685	11,127,392	1,497,046	175,585	12,800,023
Depreciation and amortization	181,746	201,253	6,748	28,031	35,295	453,073	16,308	-	469,381
Total expenses	<u>\$ 3,798,282</u>	<u>\$ 4,534,337</u>	<u>\$ 364,249</u>	<u>\$ 1,658,617</u>	<u>\$ 1,224,980</u>	<u>\$ 11,580,465</u>	<u>\$ 1,513,354</u>	<u>\$ 175,585</u>	<u>\$ 13,269,404</u>

The accompanying notes are an integral part of these financial statements

ST. VINCENT FAMILY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	Program Services					Supportive Services			
	<u>Residential & Foster Care</u>	<u>Prep Academy Day Treatment</u>	<u>Educational Support & Camps</u>	<u>Community Support</u>	<u>Other Clinical Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	1,814,228	2,579,337	346,729	1,214,891	1,102,461	7,057,646	699,612	100,216	\$ 7,857,474
Benefits	183,612	261,046	35,091	122,955	111,576	714,281	70,805	10,142	795,229
Payroll taxes	156,855	223,005	29,978	105,037	95,317	610,192	60,487	8,664	679,344
	<u>2,154,695</u>	<u>3,063,388</u>	<u>411,798</u>	<u>1,442,883</u>	<u>1,309,354</u>	<u>8,382,119</u>	<u>830,905</u>	<u>119,023</u>	<u>9,332,046</u>
Contract services	600,762	80,316	5,720	14,755	42,088	743,641	10,130	-	753,771
Operating supplies and expenses	130,711	190,474	2,971	36,537	28,782	389,475	2,846	48,696	441,016
Information Technology	36,207	46,359	5,906	20,694	18,779	127,945	540,456	4,473	672,874
Buildings and grounds	340,979	269,764	18,132	31,765	119,593	780,234	36,585	-	816,819
Travel and transportation	3,580	464,013	84	4,307	224	472,208	23	-	472,231
Insurance and professional	45,365	75,851	2,756	18,823	10,922	153,717	1,715	-	155,432
Interest	11,707	15,740	2,297	7,375	7,457	44,577	11,349	-	55,926
Bad debt	-	-	-	-	-	-	-	-	-
In-kind rent and expenses	27,544	30,546	1,084	3,701	5,250	68,125	675	-	68,800
Other	2,158	4,440	315	2,152	763	9,828	10,436	-	20,264
	<u>3,353,708</u>	<u>4,240,890</u>	<u>451,064</u>	<u>1,582,993</u>	<u>1,543,214</u>	<u>11,171,869</u>	<u>1,445,119</u>	<u>172,191</u>	<u>12,789,179</u>
Total expenses before depreciation									
Depreciation and amortization	157,088	230,346	8,075	30,034	40,816	466,358	14,892	-	481,249
Total expenses	<u>\$ 3,510,796</u>	<u>\$ 4,471,236</u>	<u>\$ 459,139</u>	<u>\$ 1,613,026</u>	<u>\$ 1,584,030</u>	<u>\$ 11,638,226</u>	<u>\$ 1,460,011</u>	<u>\$ 172,191</u>	<u>\$ 13,270,428</u>

The accompanying notes are an integral part of these financial statements

ST. VINCENT FAMILY SERVICES
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in Net Assets:	\$ 1,715,452	\$ 2,173,441
Adjustments to Reconcile Increase in Net Assets to Cash Provided by Operating Activities:		
Depreciation and Amortization	469,381	481,249
(Gain) loss on disposal of property and equipment	-	-
(Gain) loss on investments, net	28,553	(51,815)
Provision for losses on accounts receivable	9,000	-
Forgiveness of debt	(23,173)	(71,298)
 (Increase) Decrease in Assets:		
Accounts Receivable	(250,152)	194,316
Pledges Receivable	(597,274)	(142,934)
Prepaid Expenses and Other Assets	(73,089)	(46,641)
Increase (Decrease) in Liabilities:		
Accounts Payable	(129,732)	103,111
Accrued Expenses	22,249	71,371
Deferred Revenue	(2,993)	(15,979)
 Net Cash Provided By Operating Activities	 1,168,222	 2,694,822
Cash Flows from Investing Activities:		
Purchase of Investments	-	1,042,394
Restricted Cash Invested	-	-
Purchases of Property and Equipment	(85,799)	(418,953)
 Net Cash (Used In)/Provided By Investing Activities	 (85,799)	 623,441
Cash Flows from Financing Activities:		
Repayment of Advance from Medicaid MCO	-	(1,040,307)
CARES Act & ARP Funds: PPP Loan	-	1,999,484
PPP Loan Forgiveness	(1,999,484)	(2,041,200)
Repayment to the Diocese of Columbus	(54,026)	(51,044)
Net Change From Cash Held By Escrow Trustee	49,361	6,298
 Net Cash Provided By Financing Activities	 (2,004,149)	 (1,126,769)
 Net Change in Cash and Cash Equivalents	 (921,726)	 2,191,494
 Cash and Cash Equivalents at Beginning of Year	 \$ 7,767,358	 5,575,864
 Cash and Cash Equivalents at End of Year	 <u>\$ 6,845,632</u>	 <u>\$ 7,767,358</u>

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

ST. VINCENT FAMILY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

St. Vincent Family Services (SVFS, St. Vincent) is a not-for-profit Ohio corporation established by the Catholic Diocese of Columbus, which is a single member controlling entity through the Diocesan Charities Membership Corporation. St. Vincent was formed to provide therapeutic and educational services, including but not limited to the following:

Prep Academy Therapeutic Day Treatment

SVFS provides mental health services in school settings to students and their families with a focus on preventing students from requiring more intensive services. The program serves children who have severe behavioral, emotional and/or social challenges. SVFS provides mental health services in a full-year preschool setting for children ages three to six years old.

Residential & Foster Care

SVFS provides a highly structured 24-hour program for children five and one half through thirteen years of age with severe emotional and behavioral disorders. SVFS also provides foster care placement.

Community support

SVFS offers Community Family Intervention (CFI), Intensive Family Stabilization (IFS) and Prevention. The CFI Teams provide behavioral health and community support services to youth ages three to eighteen and their families who are experiencing difficulties functioning at home and have poor/undeveloped coping skills. IFS is a short term treatment approach for families seeking an alternative to out-of-home placement or hospitalization of their children utilizing a combination of intensive therapy and case management.

Educational support and camps

The Beatty Park Project serves at-risk and severely emotionally disturbed children from K-5th grade. During the school year staff works in the classrooms at Beatty with emotional control, anger issues, depression, trauma, and other mental health concerns.

Other Clinical Services

SVFS offers a variety of clinical services, such as outpatient therapy, medicine management and diagnostic assessments, to help children with severe emotional and behavioral disorders.

ST. VINCENT FAMILY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of accounting

The financial statements of the SVFS have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016. Under FASB ASC 958, SVFS is required to report information regarding its financial position, activities, and cash flows according to two classes of net assets: without donor restrictions or with donor restrictions. Accordingly, SVFS's net assets are reported in the following two classes:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations that may be used for any purpose

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of SVFS or the passage of time. Net assets also may be subject to donor-imposed stipulations that they be maintained permanently by SVFS. For the years ended June 30, 2022 and 2021, there were \$1,771,267 and \$600,883 of net assets with donor restrictions, respectively. As of June 30, 2022 and 2021, there were no donor permanently restricted net assets.

During 2022, net assets of \$188,775 were released from donor restriction due to the satisfaction of the donors intended purpose. During 2021, net assets of \$32,500 were released from donor restrictions due to time passage of United Way allocation period and net assets of \$703,541 were released from donor restriction due to the satisfaction of the donors intended purpose, for a total release amount in 2021 of \$736,041.

Use of estimates

The preparation of financial statements in conformity with the 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statement of cash flows, St. Vincent considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of credit risk

These cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At June 30, 2022 and 2021, balances were in excess of the insured limit. Money market funds are insured up to \$500,000 through The Securities Investor Protection Corporation. St. Vincent continually monitors these balances to minimize the risk of loss.

ST. VINCENT FAMILY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public support and revenues

St. Vincent receives funding from federal, state and local government sources. Specifically, St. Vincent receives the majority of their funds from the Franklin County ADAMH Board through purchase of service contracts and block grant agreements and from the Federal government through Medicaid contracts. These funds are recognized as income when the related services are provided. During the years ended June 30, 2022 and 2021, St. Vincent derived approximately 42% and 45%, respectively, of its support from the Franklin County ADAMH Board and Federal Medicaid funding.

Investments

Investments are reported in the statements of financial position at fair value with any realized and unrealized gains and losses reported on the statements of activities. Investment income and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless a donor or law temporarily restricts their use.

Accounts receivable

Accounts receivable are shown at their net realizable value. Receivables consist of amounts due from clients, governmental agencies and other third party payers for clinical and other services performed primarily in the central Ohio area, to whom the SVFS grants credit. The SVFS does not charge interest or finance charges on delinquent accounts.

Management estimates an allowance for doubtful accounts based upon management's review of delinquent accounts and an assessment of the SVFS's historical evidence of collections. Specific accounts are charged directly to the reserve when management determines that the account is uncollectible. At June 30, 2022 and 2021, management estimated that an allowance of \$81,603 and \$72,603 respectively was necessary.

Pledges receivable

Pledges receivable are shown at their net realizable value. Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any, on the contributions. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors. At June 30, 2022 and 2021, management estimated that an allowance of \$5,000 and \$5,000, were necessary.

ST. VINCENT FAMILY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

St. Vincent records purchased property and equipment at cost and contributed property and equipment at fair value. Major improvements and betterments over \$3,500 are capitalized and depreciated; maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense as incurred. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income. Depreciation expenses is provided for using the straight-line method based upon the estimated useful lives of the assets, ranging from three to twenty years.

Operating and Capital leases

The SVFS rents office space under a lease which is accounted for as an operating lease and is expensed ratably over the life of the lease. The SVFS also has office equipment treated as an operating lease. None of the current leases are treated as capital leases.

Functional expenses

The SVFS allocates its expenses on a functional basis among its various programs and support services. Expenses are allocated either directly according to their natural expenditure classification or by various statistical bases.

Federal Income Tax

The SVFS is a qualifying organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is, therefore, exempt from income taxes under IRC Section 501 (a) on its normal operations. Accordingly, no provision for federal income taxes has been made in the financial statements.

The SVFS follows Financial Accounting Standards Board (FASB) guidance on accounting for uncertainty in income taxes, which 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 SVFS 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 largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The guidance on accounting for uncertainty income taxes also address de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. At June 30, 2022 and 2021, there were no unrecognized tax benefits identified or recorded as liabilities.

Subsequent events

The SVFS has evaluated subsequent events for potential recognition and/or disclosure through February 7, 2023, the date the financial statements were available to be issued. There were no such events that required recognition or disclosure in the financial statements.

ST. VINCENT FAMILY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 2 – PLEDGES RECEIVABLE

At June 30, 2022 and 2021, pledges representing future contributions receivable in less than one year were \$979,887 and \$382,613. At June 30, 2022 and 2021, management has determined that \$5,000 and \$5,000 allowances for uncollectible pledges were necessary. If pledges are due over several years than a discount rate is utilized based on market conditions.

NOTE 3 – CASH HELD BY ESCROW TRUSTEE

In 1989, St. Vincent entered into an agreement with the Ohio Department of Mental Health (ODMH) to divide the cost of a gymnasium construction project equally. In return for ODMH’s agreement to fund half the construction costs, St. Vincent agreed to deposit \$251,919 to an escrow trustee. The agreement stated that as long as St. Vincent continued to devote the gymnasium exclusively to mental health services, the escrow trustee released \$6,298 on the first day of January of each year from 1991 through 2030.

ODMH, in October 2021, released the remaining escrow.

See Note 9 for further discussion.

NOTE 4 - INVESTMENTS

At June 30, 2022 and 2021, St. Vincent held the following investments:

	2022	2021
Pooled funds- The Catholic Foundation	\$ 183,440	\$ 219,889
Bonds & Stock	14,921	7,030
Total	\$ 198,361	\$ 226,919

The pooled funds are held by The Catholic Foundation on behalf of the SVFS which are restricted for long-term purposes.

Investment income, including interest earned on cash and cash equivalents, included in the statements of activities consists of the following for the year ended June 30:

ST. VINCENT FAMILY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

	2022	2021
Interest and dividend income	\$ 10,541	\$ 19,946
Realized and unrealized gain, net	(28,553)	51,815
Total	\$ (18,012)	\$ 71,761

NOTE 5 – FAIR VALUE

St. Vincent follows the FASB guidance regarding fair value measurements. The guidance applies to all financial instruments that are being measured and reported at fair value and establishes a three level hierarchy for disclosure to show the extent and the level of judgment used to estimate fair value measurements. The three categories are defined as follows:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the fiscal year ended June 30, 2022 and 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Pooled Funds

St. Vincent participates in a pooled fund held and managed by the Catholic Foundation. The fair value of the pooled funds held by the SVFS is based on the net asset value (NAV) of units held at year end. While the SVFS believes their valuation method is appropriate, 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.

ST. VINCENT FAMILY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Bonds & Stock	\$ 14,921			\$ 14,921
Pooled Funds	-	183,440		183,440
Total	\$ 14,921	183,440	-	\$ 198,361

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Bonds & Stock	\$ 7,030			\$ 7,030
Pooled Funds	-	219,889		219,889
Total	\$ 7,030	219,889	-	\$ 226,919

NOTE 6 – LIQUIDITY AND AVAILABILITY

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

	<u>2022</u>	<u>2021</u>
Financial Assets, at year end	\$15,192,492	\$ 15,664,200
Less assets unavailable for general expenditures within one year:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(1,771,267)	(600,883)
Cash held by escrow trustee	-	(49,358)
Board Designations:		
Quasi-endowment fund, primarily for long-term investing	(183,440)	(219,889)
Current Liabilities:		
Accounts payable, accrued expenses & deferred revenue	(887,821)	(998,298)
PPP Loan	-	(1,999,484)
Non-liquid assets - net property & equipment	(6,220,977)	(6,604,558)
Financial Assets Available for General Expenditures	\$ 6,128,987	\$ 5,191,730

ST. VINCENT FAMILY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 7 – PROPERTY AND EQUIPMENT

At June 30, the costs of such assets were as follows:

	2022	2021
Building improvements	\$ 12,780,455	\$ 12,710,898
Furniture and equipment	1,495,342	1,888,165
Vehicles	81,733	81,733
	14,357,530	14,680,796
Less: Accumulated depreciation	(8,136,553)	(8,076,238)
Total	\$ 6,220,977	\$ 6,604,558

NOTE 8 – OPERATING LEASES

Land & Building

The SVFS leases the St. Vincent Campus from the Catholic Diocese of Columbus (a related entity), under a 40-year operating lease agreement, commencing August 15, 1981 (Property Lease). Under the property lease, annual rent totals \$61,300. The lease provides for the annual rent amount to be adjustable every five years. However, no adjustments have been requested or made during the life of the lease. Also, in an agreement effective October 29, 1997, St. Vincent leased the land underlying the renovated portions of the St. Vincent Campus, under a separate 40-year operating lease agreement (Land Lease). Under the land lease, annual rent totals \$7,500. The land lease also provides for the annual rent amount to be adjustable every five years. However, no adjustments have been requested or made during the life of the lease. These lease agreements state that St. Vincent shall pay the annual rents using either of the following types of funds:

- Unrestricted estate bequests received by St. Vincent, or
- Any other funds held or received by St. Vincent, except contract revenues; client fees, including third party payments; restricted donations; and other funds, which, if used, would create or increase a deficit in St. Vincent approved budget.

The lease agreements state that if unrestricted bequests total more than the amount of current and past due rent payments, then the excess bequests shall be considered prepayments of future rent. The lease agreements also provide that if there are insufficient payments from available sources that rent is to accrue annually. The land lease provides that if on each anniversary date of the lease, any accrued but unpaid rent for periods more than five (5) years before the anniversary date, shall be excused. Based on the provisions of the land lease, the Catholic Diocese of Columbus would have had to excuse \$157,500 of rental payments through June 30, 2022.

Since inception of the original lease in 1981, St. Vincent has remitted \$948,511 to the Catholic Diocese of Columbus, of which no annual rental payments were remitted during the years ended June 30, 2022 and 2021. As a result, of past remittances and forgiven accrued land lease amounts, the balance of unpaid accrued rent totaled \$1,537,329 and \$1,499,089 as of June 30, 2022 and 2021, respectively.

ST. VINCENT FAMILY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Since the payment of rent is based on specific sources of revenues and funds, rent payments are conditional and infrequent. Also, the land lease provides for periodic forgiveness of unpaid rent amounts. As a result, St. Vincent records annual rent amounts of \$68,880 as both donated revenue and rent expense on the accompanying statements of activities. Amounts paid to the Catholic Diocese of Columbus for rent are reported as contributions made on the accompanying statements of activities in the years in which these amounts are actually contributed. Therefore, no amount has been accrued in the statements of financial position for accrued rent payable because of the infrequent rent payments and forgiveness provisions in the lease agreements.

Copier Machines

In November 2020 SVFS signed a 39 month lease for copier machines with Great American Financial Services. The lease is treated as an operating lease with annual payments of approximately \$28,000.

NOTE 9 – ADVANCES FROM STATE OF OHIO

St. Vincent entered into agreements in 1981, 1989, and 1997 with the Ohio Department of Mental Health (ODMH) in order to finance renovations of the operating facilities being leased from the Catholic Diocese of Columbus. Under the terms of the agreements, St. Vincent received advances from ODMH totaling \$2.2 million in August 1981, \$250,000 in 1989, and \$400,000 in October 1997. ODMH is forgiving repayment of these liabilities in equal monthly amount over periods of 480 months for each advance from ODMH, as long as the facilities are used to provide mental health services, pursuant to the contracts. As a result, St. Vincent recognized \$71,298 as support during the years ended June 30, 2021 and 2020, due to ODMH’s forgiveness of debt.

As of June 30, the balance of the debts owed under the ODMH advance agreements was as follows:

	<u>2022</u>	<u>2021</u>
1981 advance	\$ -	\$ 6,875
1989 advance	50,383	56,681
1997 advance	<u>153,334</u>	<u>163,334</u>
Total	203,717	226,890
Less: current portion	<u>(16,298)</u>	<u>(23,173)</u>
Long-term portion	<u>\$ 187,419</u>	<u>\$ 203,717</u>

ST. VINCENT FAMILY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 10 – LINE OF CREDIT

At June 30, 2022, St. Vincent had available a revolving line of credit amounting to \$1,300,000 with a maturity date of March 31, 2023. The line bears interest at the daily BSBY plus 2.50% and is secured by substantially all assets of St. Vincent. At June 30, 2022, St. Vincent had not drawn on the line.

NOTE 11 – BUILDING LOAN

St. Vincent borrowed \$2,403,204 between 2015 and 2016 through a thirty-year loan from the Catholic Diocese of Columbus, who owns SVFS through the Diocesan Charities Membership Corporation. These funds were used to pay for a building expansion. The interest rate starts at a minimum of 2.82%. The rate is tied to the 10-year Treasury bill with an option to lock the rate at 4.1%. In 2022 and 2021, SVFS recorded \$52,943 and \$55,926 in interest, respectively. The principal paid was \$54,026 and \$51,043 respectively in 2022 and 2021. The amount owed as of June 30, 2022, was \$1,894,554. The interest rate has been at 2.82% through FY22.

The following is the scheduled annual maturities of the debt agreements as of June 30, 2022:

2023	\$ 55,074
2024	56,658
2025	58,250
2026	59,887
2027	61,569
2028 and after	<u>1,603,116</u>
Total	\$ <u>1,894,554</u>

NOTE 12 – CARES Act Payroll Protection Program Loan

On January 26, 2021, St. Vincent was granted a loan from PNC Bank in the amount of \$1,999,484, pursuant to the Paycheck Protection Program (the “PPP”) from the American Rescue Act. The loan was fully forgiven February 16, 2022. The PPP loan forgiveness was recorded as part of revenues reported under CARES Act & ARP Act funding during the year ended June 30, 2022.

NOTE 13 – PENSION PLANS

St. Vincent has a tax-deferred, defined contribution pension plan (401(k)) that covers all employees. Under the 401(k) plan, participants may contribute between one and fifteen percent of their pre-tax salaries, to which St. Vincent will make a matching contribution equal to 100 percent of the participants’ contributions up to one percent of their compensation and an additional 50 percent of the participants’ contributions up to 6 percent. St. Vincent paid \$106,120 and \$97,994 to matched employee contributions for the years ended June 30, 2022 and 2021, respectively.

ST. VINCENT FAMILY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 14 - INCOME BENEFICIARY

St. Vincent is the beneficiary of income from the Virginia M. Axline and Helen E. Axline Fund of the Columbus Foundation. The Columbus Foundation has variance power over this fund. Income from the fund is distributed to St. Vincent on a semi-annual basis to operate a play therapy program. For the years ended June 30, 2022 and 2021, St. Vincent received \$21,076 and \$19,902 of income from the Fund, respectively, which is included in contributions on the statement of activities.

NOTE 15 – COMMITMENT AND CONTINGENCIES

St. Vincent is subject to claims and lawsuits in the ordinary course of its business. In the opinion of management, St. Vincent has adequate legal defenses and/or adequate insurance coverage for such matters. If not insured, management believes that adverse matters, in the aggregate, would be insignificant to the financial position and operations of St. Vincent.

In addition, St. Vincent receives funding from governmental agencies in the form of grants and contracts. As a result, St. Vincent is subject to review or audit by these agencies regarding compliance with terms and conditions of grants and contracts and specific program performance. Management of St. Vincent believes that they have complied with all major aspects of grant and contract requirements and that adjustments, if any, would be insignificant to the financial position and operations of St. Vincent.

ST. VINCENT FAMILY SERVICES
Schedule of Key Performance Indicators
For the Year Ended June 30, 2022 (With Comparative 2021 Ratios)

	2021	2020
	Amount	Ratios
<u>1. Current Ratio</u>		
<u>Current Assets</u>	8,773,154	9.15
Current Liabilities	959,193	2.86
<u>2. Debt to Equity Ratio</u>		
<u>Total Liabilities</u>	2,986,092	0.24
Total Net Assets	12,206,400	0.49
<u>3. Administrative Costs to Expenses</u>		
<u>Total Administrative Cost</u>	1,513,354	11.40%
Total Expenses	13,269,404	11.00%
<u>4. Revenue to Expenses</u>		
<u>Total Revenue</u>	14,984,856	112.93%
Total Expenses	13,269,404	116.38%
<u>5. Net Asset Reserve</u>		
<u>Total Net Assets</u>	12,206,400	11.04
Total Expenses ÷ 12	1,105,784	9.49
<u>6. Percent of Fund From ADAMH Board</u>		
<u>Total Revenue from ADAMH</u>	1,448,598	9.67%
Total Revenue	14,984,856	9.24%
<u>7. Cash to Average Days Expenses</u>		
<u>Cash</u>	6,054,125	166.53
Expenses ÷ 365	36,355	207.64

**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 Trustees of
St. Vincent Family Services

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 financial statements of St. Vincent Family Services (St. Vincent), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 7, 2023.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s 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 St. Vincent's 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 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*.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Parms & Company, LLC

Columbus, Ohio
February 7, 2023