

Society of St. Vincent de Paul
Council of Seattle/King County
Financial Statements

September 30, 2015 and 2014

Society of St. Vincent de Paul Council of Seattle/King County

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Independent Auditors' Report

**To Management and the Board of Directors
Society of St. Vincent de Paul Council of Seattle/King County**

Report on the Financial Statements

We have audited the accompanying financial statements of Society of St. Vincent de Paul Council of Seattle/King County (SVDP), a nonprofit organization, which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of SVDP as of September 30, 2015 and 2014, 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.

VWC, P.S.

February 29, 2016

Society of St. Vincent de Paul Council of Seattle/King County

Statements of Financial Position

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<i>Assets</i>		
Current assets:		
Cash	\$ 578,128	\$ 300,250
Accounts receivable	125,066	123,458
Pledges receivable, net of discount	133,408	316,447
Inventories	455,279	515,897
Prepaid expenses and other	<u>110,787</u>	<u>159,162</u>
Total current assets	1,402,668	1,415,214
Property and equipment, net	14,237,477	14,145,453
Pledges receivable, net of current portion and discount	91,632	220,223
Bond acquisition costs, net	-	123,413
Deferred rental income, net	1,355,185	1,390,771
Other assets	<u>161,492</u>	<u>132,730</u>
	<u>\$ 17,248,454</u>	<u>\$ 17,427,804</u>
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 48,279	\$ 77,317
Accrued expenses	252,113	261,926
Federal income tax payable	2,038	1,040
Current portion of long-term debt	<u>317,859</u>	<u>332,954</u>
Total current liabilities	620,289	673,237
Long-term debt, net of current portion	<u>8,585,439</u>	<u>8,503,319</u>
Total liabilities	<u>9,205,728</u>	<u>9,176,556</u>
Net assets:		
Unrestricted:		
Operating	7,595,108	7,617,869
Board designated	<u>120,000</u>	<u>120,000</u>
Total unrestricted net assets	7,715,108	7,737,869
Temporarily restricted	<u>327,618</u>	<u>513,379</u>
Total net assets	<u>8,042,726</u>	<u>8,251,248</u>
	<u>\$ 17,248,454</u>	<u>\$ 17,427,804</u>

See accompanying notes to the financial statements.

Society of St. Vincent de Paul Council of Seattle/King County

Statements of Activities

Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Unrestricted support and revenues:		
Contributions	\$ 6,912,492	\$ 6,788,563
Thrift store sales	4,282,448	4,329,141
Lease income	1,022,545	1,023,048
Grants	381,591	307,869
Recycling	191,351	227,768
Other	81,454	96,859
Net assets released from restrictions	<u>517,550</u>	<u>520,596</u>
	<u>13,389,431</u>	<u>13,293,844</u>
Expenses:		
Program services	12,054,328	12,259,779
Management and general	1,012,770	946,884
Fundraising	<u>330,095</u>	<u>362,330</u>
	<u>13,397,193</u>	<u>13,568,993</u>
	(7,762)	(275,149)
Gain on sale of property and equipment	<u>-</u>	<u>13,975</u>
Decrease in unrestricted net assets, before federal income taxes	(7,762)	(261,174)
Provision for federal income taxes	<u>15,000</u>	<u>40,912</u>
Decrease in unrestricted net assets	<u>(22,762)</u>	<u>(302,086)</u>
Temporarily restricted net assets:		
Contributions and grants	331,790	519,228
Net assets released from restrictions	<u>(517,550)</u>	<u>(520,596)</u>
Decrease in temporarily restricted net assets	<u>(185,760)</u>	<u>(1,368)</u>
Decrease in net assets	(208,522)	(303,454)
Net assets, beginning of year	<u>8,251,248</u>	<u>8,554,702</u>
Net assets, end of year	<u>\$ 8,042,726</u>	<u>\$ 8,251,248</u>

See accompanying notes to the financial statements.

Society of St. Vincent de Paul Council of Seattle/King County

Statement of Functional Expenses

Year Ended September 30, 2015

	Program Services			Management and General				
	Thrift Stores	Charitable Activities	Total	General and Administrative	Property Management	Total	Fundraising	Total
Cost of merchandise sold	\$ 4,190,700	\$ 8,653	\$ 4,199,353	\$ 856	\$ -	\$ 856	\$ -	\$ 4,200,209
Salaries and wages	2,030,604	779,930	2,810,534	330,364	91,042	421,406	191,341	3,423,281
Direct assistance	5,590	2,748,762	2,754,352	35,152	-	35,152	-	2,789,504
Payroll taxes and benefits	461,540	136,322	597,862	70,803	22,243	93,046	29,088	719,996
Interest and bank fees	474,822	65	474,887	27,827	48,983	76,810	3,241	554,938
Depreciation & amortization	285,612	72,463	358,075	19,689	7,872	27,561	-	385,636
Utilities	175,204	24,658	199,862	6,202	-	6,202	-	206,064
Maintenance and repairs	85,046	20,353	105,399	55,513	8,951	64,464	162	170,025
Professional fees	26,120	13,030	39,150	90,591	1,004	91,595	38,540	169,285
Bond services	63,513	-	63,513	17,201	51,604	68,805	-	132,318
Insurance	50,294	48,946	99,240	12,770	-	12,770	3,668	115,678
Vehicles	75,310	20,477	95,787	8,989	5,628	14,617	1,486	111,890
Supplies	55,768	27,890	83,658	19,531	37	19,568	3,773	106,999
Advertising	21,138	4,760	25,898	25,753	-	25,753	35,608	87,259
Postage, printing and mailing	17,515	8,845	26,360	13,304	70	13,374	14,080	53,814
Business taxes, licenses and dues	24,553	20,422	44,975	1,442	374	1,816	2,819	49,610
Telephone	12,751	15,396	28,147	9,755	662	10,417	1,886	40,450
Travel and conferences	3,156	8,698	11,854	16,975	-	16,975	3,403	32,232
Rent and property taxes	27,228	-	27,228	2,199	-	2,199	-	29,427
Professional development	432	7,762	8,194	9,384	-	9,384	1,000	18,578
	<u>\$ 8,086,896</u>	<u>\$ 3,967,432</u>	<u>\$12,054,328</u>	<u>\$ 774,300</u>	<u>\$ 238,470</u>	<u>\$ 1,012,770</u>	<u>\$ 330,095</u>	<u>\$13,397,193</u>

See accompanying notes to the financial statements.

Society of St. Vincent de Paul Council of Seattle/King County

Statement of Functional Expenses

Year Ended September 30, 2014

	Program Services			Management and General				
	Thrift Stores	Charitable Activities	Total	General and Administrative	Property Management	Total	Fundraising	Total
Cost of merchandise sold	\$ 4,226,474	\$ 14,798	\$ 4,241,272	\$ -	\$ -	\$ -	\$ -	\$ 4,241,272
Salaries and wages	1,967,984	786,417	2,754,401	429,304	71,581	500,885	220,882	3,476,168
Direct assistance	9,334	2,770,718	2,780,052	14,078	-	14,078	-	2,794,130
Payroll taxes and benefits	474,003	138,241	612,244	81,986	18,144	100,130	29,995	742,369
Interest and bank fees	429,754	245	429,999	18,844	16,100	34,944	2,717	467,660
Depreciation & amortization	311,741	46,356	358,097	20,372	6,688	27,060	-	385,157
Utilities	195,122	23,132	218,254	6,923	-	6,923	-	225,177
Rent and property taxes	191,951	108	192,059	4,075	-	4,075	-	196,134
Professional fees	25,503	20,200	45,703	95,516	5,554	101,070	44,353	191,126
Maintenance and repairs	117,844	23,855	141,699	23,207	2,851	26,058	-	167,757
Supplies	84,129	25,984	110,113	19,790	471	20,261	8,100	138,474
Vehicles	98,347	9,847	108,194	6,612	7,637	14,249	879	123,322
Insurance	45,767	41,699	87,466	9,783	-	9,783	4,068	101,317
Advertising	25,186	7,085	32,271	15,129	2,000	17,129	22,649	72,049
Postage, printing and mailing	17,985	6,257	24,242	4,348	73	4,421	21,406	50,069
Business taxes, licenses and dues	24,467	21,325	45,792	1,057	360	1,417	1,963	49,172
Telephone	24,986	11,367	36,353	6,934	424	7,358	1,282	44,993
Professional development	4,513	8,628	13,141	27,222	-	27,222	-	40,363
Bonds services	16,852	-	16,852	4,564	13,692	18,256	-	35,108
Travel and conferences	5,196	6,379	11,575	11,565	-	11,565	4,036	27,176
	<u>\$ 8,297,138</u>	<u>\$ 3,962,641</u>	<u>\$12,259,779</u>	<u>\$ 801,309</u>	<u>\$ 145,575</u>	<u>\$ 946,884</u>	<u>\$ 362,330</u>	<u>\$13,568,993</u>

See accompanying notes to the financial statements.

Society of St. Vincent de Paul Council of Seattle/King County

Statements of Cash Flows

Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (208,522)	\$ (303,454)
Adjustments to reconcile the decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	385,636	385,157
Amortization of bond acquisition costs	123,413	18,636
Gain on sale of property and equipment	-	(13,975)
Changes in operating assets and liabilities:		
Accounts receivable	(1,608)	(50,776)
Pledges receivable, net of discount	311,630	(228,379)
Refundable federal income tax	-	1,872
Inventories	60,618	(19,737)
Prepaid expenses and other assets	19,613	(56,739)
Deferred rental income, net	35,586	(102,081)
Accounts payable	(29,038)	10,706
Accrued expenses	(9,813)	17,446
Federal income tax payable	998	1,040
Net cash provided by (used in) operating activities	<u>688,513</u>	<u>(340,284)</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	-	39,683
Purchase of property and equipment	<u>(477,660)</u>	<u>(777,573)</u>
Net cash used in investing activities	<u>(477,660)</u>	<u>(737,890)</u>
Cash flows from financing activities:		
Long-term debt borrowings	3,377,500	3,151,344
Repayments on long-term debt	(3,310,475)	(3,451,216)
Other	-	1,836
Net cash provided by (used in) financing activities	<u>67,025</u>	<u>(298,036)</u>
Net increase (decrease) in cash	277,878	(1,376,210)
Cash, beginning of year	<u>300,250</u>	<u>1,676,460</u>
Cash, end of year	<u>\$ 578,128</u>	<u>\$ 300,250</u>
Supplemental disclosure:		
Cash paid for interest	<u>\$ 442,457</u>	<u>\$ 339,133</u>
Cash paid for federal income tax	<u>\$ 14,000</u>	<u>\$ 38,000</u>
Noncash investing and financing activities:		
Purchase of property financed by note payable	<u>\$ -</u>	<u>\$ 275,000</u>

See accompanying notes to the financial statements.

Society of St. Vincent de Paul Council of Seattle/King County

Notes to Financial Statements

1. Organization and Significant Accounting Policies

Organization

The Society of St. Vincent de Paul Council of Seattle/King County (SVDP) is a nonprofit organization formed in 1921 to provide charitable and social services to the needy and suffering. SVDP maintains and operates retail thrift stores selling donated goods, as well as a food bank serving the needy and homeless, and provides assistance and guidance to 56 parish-based volunteer groups (Conferences) which provide direct one-on-one assistance to the needy in their neighborhoods. All operations take place in Seattle and King County in Washington State. SVDP has thrift stores located in Kenmore, Renton (also referred to as the Rainier property), Kent, Aurora, and Burien. The administrative offices and food bank are located in Georgetown.

SVDP leases certain property to outside parties to supplement operations.

SVDP is managed by a Board of Directors that is comprised primarily of representatives of the 56 Conferences. SVDP provides various means of support to the 56 Conferences including occasional funding and discounted food and thrift store items. The assets, liabilities, net assets and operating results of these Conferences are not included in the accompanying financial statements as they operate independently of SVDP with separate officers.

Basis of presentation

Contributions and net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, SVDP reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor imposed restrictions that are met within the reporting period are classified as increases in unrestricted net assets.

Cash

SVDP maintains cash in bank accounts which, at times, may exceed federally insured limits. SVDP has not experienced any losses on such accounts.

Employee advances

SVDP has an internal program to provide financial assistance to employees (excluding SVDP's Officers and Directors) who are experiencing a financial hardship and because of certain Internal Revenue Service regulations cannot access support from individual conferences or SVDP programs. This financial assistance consists of unsecured non-interest bearing payroll advances that are repaid through periodic payroll deductions. Employee advances are expected to be collected within one year from the date of issuance.

Society of St. Vincent de Paul Council of Seattle/King County

Notes to Financial Statements

1. Organization and Significant Accounting Policies, continued

Pledges receivable

When a donor unconditionally promises to contribute funds in future periods, SVDP records the present value of the estimated future cash flows as a pledge receivable. The discounts on those amounts are computed using interest rates determined by management, applicable to the years in which the promises are receivable. SVDP considers all pledges receivable at September 30, 2015 and 2014 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Inventories

Inventories are stated at the estimated sales value at the date of donation.

Property and equipment, net

SVDP generally capitalizes long-lived assets with a cost in excess of \$1,000 and an estimated useful life greater than one year. Property and equipment are stated at cost if purchased or estimated fair value if donated. Property and equipment are depreciated using the straight-line method over their estimated useful lives of three to 40 years. Leasehold improvements are amortized using the straight-line method over the life of the asset or applicable lease, whichever is shorter.

Bond acquisition costs, net

Bond acquisition costs consist of fees incurred in connection with SVDP's Washington State Housing Finance Commission Variable Rate Demand Nonprofit Revenue Bonds, Series 2000A (Series 2000A) credit facility described in Note 6. The bond acquisition costs were amortized over the term of the related credit facility. Amortization expense approximated \$19,000, for the year ended September 30, 2014. In December 2014, SVDP fully repaid the Series 2000A bonds and the acquisition costs were written off. Amortization expense for the year ended September 30, 2015 approximated \$123,000. Amortization expense is included in bond services in the accompanying statements of functional expenses.

Impairment of long-lived assets

Long-lived assets are reviewed for potential impairment at such time when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss would be recognized when the sum of the expected, undiscounted future net cash flows is less than the carrying amount of the asset. There have been no impairment charges related to the write-down of long-lived assets.

Federal income tax

SVDP is a nonprofit organization that is generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, SVDP has taxable income from the rental of certain debt-financed property. A provision for federal tax related to this income is included in the accompanying financial statements.

Society of St. Vincent de Paul Council of Seattle/King County

Notes to Financial Statements

1. Organization and Significant Accounting Policies, continued

Federal income tax, continued

Accounting principles generally accepted in the United States of America (GAAP) include guidance that requires the measurement and disclosure of tax benefits arising from uncertain tax positions. As of and for the years ended September 30, 2015 and 2014, this guidance had no material effect on SVDP's financial statements.

SVDP's federal income tax returns for tax years 2012 and beyond remain subject to examination by the Internal Revenue Service.

Board designated net assets

Board designated net assets consist of amounts set aside by the Board of Directors to assist the 56 Conferences.

Temporarily restricted net assets

Temporarily restricted net assets consist of various contributions received to assist Conferences and for various charitable works performed by SVDP in carrying out its mission.

Contributions and donated services

Contributions of food and thrift store merchandise are recorded at their estimated sales value at the time of donation. Substantially all contributed food was donated by two organizations during the years ended September 30, 2015 and 2014.

At times, SVDP receives contributions that are specifically designated for an individual Conference; such donations and related payments are recorded as a pass-through and therefore are excluded from the accompanying statements of activities.

SVDP receives a significant amount of donated services from unpaid volunteers who assist with fundraising and special projects. Approximately 51,000 and 56,000 volunteer hours were contributed during the years ended September 30, 2015 and 2014, respectively. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition under GAAP have not been satisfied.

Thrift store sales

SVDP's thrift store sales are recognized at the time of sale, and retail sales exclude sales tax.

Retirement plan

SVDP provides retirement benefits to eligible employees through a plan (the Plan) established under section 403(b) of the Internal Revenue Code. The Plan includes provisions for employee deferrals only and accordingly no contributions to the Plan were made by SVDP for the years ended September 30, 2015 and 2014.

Society of St. Vincent de Paul Council of Seattle/King County

Notes to Financial Statements

1. Organization and Significant Accounting Policies, continued

Advertising costs

Advertising costs are expensed as incurred.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Subsequent events

Management has evaluated subsequent events through February 29, 2016, the date the financial statements were available to be issued.

2. Employee Advances

At September 30, 2015 and 2014, employee advances totaled \$27,773 and \$84,763, respectively. At September 30, 2015 and 2014 advances expected to be collected within one year and classified in accounts receivable amounted to \$24,149 and \$56,612, respectively. At September 30, 2015 and 2014, advances expected to be collected beyond one year and classified in other assets amounted to \$3,624 and \$28,151, respectively.

3. Pledges Receivable, Net

Pledges receivable, net of discount to present value (at a rate of 4.50%), are due at September 30, 2015 as follows:

Year ending September 30, 2016	\$ 145,150
Year ending September 30, 2017	100,000
	<hr/>
	245,150
Less discount to net present value	20,110
	<hr/>
Net pledges receivable	<u>\$ 225,040</u>
Financial Statement Classification:	
Pledges receivable, net of discount	\$ 133,408
Pledges receivable, net of current portion and discount	91,632
	<hr/>
	<u>\$ 225,040</u>

Society of St. Vincent de Paul Council of Seattle/King County

Notes to Financial Statements

4. Inventories

Inventories consist of the following:

	September 30,	
	2015	2014
Donated goods:		
Thrift merchandise	\$ 379,780	\$ 382,432
Food bank	35,589	90,898
Other	11,673	14,081
Purchased goods	28,237	28,486
	\$ 455,279	\$ 515,897

5. Property and Equipment, Net

Property and equipment, net consist of the following:

	September 30,	
	2015	2014
Buildings and improvements	\$ 8,014,414	\$ 6,947,540
Leasehold improvements	1,331,549	1,171,756
Office furniture and equipment	1,132,884	1,029,673
Trucks and other operating equipment	426,761	426,761
	10,905,608	9,575,730
Less accumulated depreciation and amortization	4,266,901	3,890,213
	6,638,707	5,685,517
Land	7,596,195	7,596,195
Construction in progress	2,575	863,741
	\$ 14,237,477	\$ 14,145,453

Society of St. Vincent de Paul Council of Seattle/King County

Notes to Financial Statements

6. Long-term Debt

Long-term debt consists of the following at September 30:

	<u>2015</u>	<u>2014</u>
Bank Notes/Series 2000A bonds payable, further described on page 14	\$ 2,952,469	\$ 3,040,000
Kent property note payable to bank, monthly principal and interest at 5%; interest reset in April 2019, maturity in March 2024, secured by related property with a carrying value of \$2,666,099 at September 30, 2015; cross collateralized with bank notes described on page 14	1,888,682	1,929,617
Aurora property note payable, monthly principal and interest, interest at 6% through maturity in December 2020, secured by related property with a carrying value of \$2,501,661 at September 30, 2015	1,739,283	1,781,793
Rainier property note payable to bank, monthly principal and interest at 5%; interest reset in April 2019, maturity in March 2024, secured by related property with a carrying value of \$1,599,081 at September 30, 2015; cross collateralized with bank notes described on page 14	1,163,567	1,188,786
Aurora addition note payable to bank further described on page 14, collateral with a carrying value of \$1,055,504 at September 30, 2015	604,196	275,000
Burien property note payable, monthly principal and interest, interest at 6.3%; interest becomes variable in May 2017 through maturity in April 2022, secured by related property with a carrying value of \$1,183,961 at September 30, 2015	<u>555,101</u>	<u>621,077</u>
	8,903,298	8,836,273
Less current portion	<u>317,859</u>	<u>332,954</u>
	<u>\$ 8,585,439</u>	<u>\$ 8,503,319</u>

Society of St. Vincent de Paul Council of Seattle/King County

Notes to Financial Statements

6. Long-term Debt, continued

During the year ended September 30, 2015, SVDP borrowed \$3,040,000 from a commercial bank under three notes ("Bank Notes" on page 13) to pay off the Series 2000A bonds. Two of the notes with initial principal totaling \$2,925,000 provide for monthly principal and interest payments at 5% and mature in December 2024. In December 2019, the interest rate will reset to a rate through maturity. The third note in the amount of \$115,000 provides for monthly principal and interest at 5% through maturity in December 2016. Bank Notes are cross collateralized with the Kent and Rainier property notes payable and are secured by the land and building under the Kenmore store and land and building under Georgetown as well as a second security interest in the Aurora property note payable. The total carrying value of this collateral approximates \$5,477,000 at September 30, 2015.

As noted on page 13, SVDP borrowed \$275,000 in July 2014 under a short-term note agreement with a commercial bank to fund a wing addition at the Aurora property. The note was amended during the year ended September 30, 2015 to increase the principal amount to \$612,500. Terms for the \$612,500 note provide for monthly payments of interest only at 5% through January 2015; thereafter monthly principal and interest payments at 5% through January 2020. In February 2020, the interest rate will reset through maturity in January 2025.

Notes with the commercial bank include financial covenants that require the maintenance of a debt to tangible net worth ratio and a specified debt service coverage ratio. SVDP was in compliance with these ratios at September 30, 2015.

Scheduled maturities of long-term debt are as follows:

Year ending September 30,	Bank Notes	Kent	Aurora	Rainier	Aurora Addition	Burien	Total
2016	\$ 120,433	\$ 42,804	\$ 45,132	\$ 26,371	\$ 12,863	\$ 70,256	\$ 317,859
2017	80,344	45,285	48,638	27,899	13,616	76,000	291,782
2018	68,786	47,635	51,638	29,347	14,322	80,931	292,659
2019	72,355	50,107	54,823	30,870	15,065	86,182	309,402
2020	75,742	52,467	58,204	32,324	15,770	91,774	326,281
Thereafter	2,534,809	1,650,384	1,480,848	1,016,756	532,560	149,958	7,365,315
	<u>\$ 2,952,469</u>	<u>\$ 1,888,682</u>	<u>\$ 1,739,283</u>	<u>\$ 1,163,567</u>	<u>\$ 604,196</u>	<u>\$ 555,101</u>	<u>\$ 8,903,298</u>

Society of St. Vincent de Paul Council of Seattle/King County

Notes to Financial Statements

7. Lease Income, Net

SVDP leases property to tenants under operating leases expiring at various dates through 2089. Leases include rent escalation or advance payment clauses and one lease includes an option to extend the lease for two additional ten year terms. Total lease income to be received over the terms of these leases has been recognized in the accompanying financial statements on a straight-line basis in accordance with GAAP. The difference between lease income recognized and cash amounts due under these leases has been recorded as deferred rental income, net, in the accompanying statements of financial position. The cost of the leased land and buildings and related accumulated depreciation approximated \$4,032,000 and \$1,003,000 respectively, at September 30, 2015. Minimum lease rentals to be received are as follows:

Year ending <u>September 30,</u>	
2016	\$ 935,567
2017	935,046
2018	940,634
2019	946,335
2020	952,149
Thereafter	<u>57,264,160</u>
	<u>\$ 61,973,891</u>