

**DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL
USA**

Financial Statements, Schedule of
Expenditures of Federal Awards and Reports
Required by *Government Auditing Standards*
and the Uniform Guidance

Years Ended September 30, 2019 and 2018

**DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA**

Financial Statements, Schedule of Expenditures of Federal Awards and
Reports Required by *Government Auditing Standards* and the Uniform
Guidance

Years Ended September 30, 2019 and 2018

DISASTER SERVICES CORPORATION- SOCIETY OF ST. VINCENT DE PAUL USA

Contents

Independent Auditor's Report	3-4
Financial Statements	
Statements of Financial Position	6
Statements of Activities	7-8
Statements of Functional Expenses	9
Statements of Cash Flows	10
Notes to Financial Statements	11-18
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 <i>Government Auditing Standards</i>	19-20
Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance	21-23
Schedule of Expenditures of Federal Awards	24
Notes to Schedule of Expenditures of Federal Awards	25
Schedule of Findings and Questioned Costs	26-27
Summary Schedule of Prior Year Findings	28-29



Independent Auditor's Report

Board of Directors
DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA

We have audited the accompanying financial statements of Disaster Services Corporation-Society of St. Vincent de Paul USA ("DSC"), which comprise the statements of financial position as of September 30, 2019 and 2018, 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 the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and those 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 DSC as of September 30, 2019 and 2018, and the change in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As more fully described in Note 10, DSC may be materially impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide certain relief as a result of the COVID-19 outbreak. DSC is currently evaluating how the CARES Act will impact its financial position, results of operations, and cash flows. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for the purpose of additional analysis and is 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 June 26, 2020, on our consideration of DSC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 DSC's 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 DSC's internal control over financial reporting and compliance.

BDO USA, LLP

June 26, 2020

St. Louis, MO

Financial Statements

**DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA**

Statement of Financial Position

<i>September 30,</i>	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 13,319	\$ 2,820,838
Grant receivable	1,266,374	310,773
Unbilled grant receivable	818,765	1,069,090
Inventory	123,465	200,764
In-kind lease future benefit	32,160	289,800
Prepaid expenses and other current assets	181,755	156,755
Total current assets	2,435,838	4,848,020
Noncurrent assets		
Property and equipment, net	19,865	24,435
Intangibles, net	-	3,713
Total assets	2,455,703	4,876,168
Liabilities and Net Assets		
Liabilities		
Accounts payable	1,514,013	318,241
Due to related organization, net	3,059	118,315
Accrued salaries and payroll taxes	69,919	83,788
Total current liabilities	1,586,991	520,344
Net assets (Deficit)		
Without donor restriction	(297,468)	(134,136)
With donor restriction	1,166,181	4,489,960
Total net assets	868,712	4,355,824
Total liabilities and net assets	\$ 2,455,703	\$ 4,876,168

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

**DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA**

Statement of Activities

<i>Year ended September 30, 2019</i>	Without Donor Restriction	With Donor Restriction	Total
Support and Revenues			
Federal revenue	\$ -	\$ 18,559,312	\$ 18,559,312
Private grants	150,000	224,902	374,902
In-kind contributions	-	197,534	197,534
Contributions	76,563	1,350,275	1,426,838
Other income	20,080	-	20,080
Net assets released from restrictions:	23,655,802	(23,655,802)	
Total Support and Revenues	23,902,445	(3,323,779)	20,578,666
Expenses			
Program services	23,223,068	-	23,223,068
Management and general	842,710	-	842,710
Total Expenses	24,065,778	-	24,065,778
Change in Net Assets	(163,333)	(3,323,779)	(3,487,112)
Net Assets, beginning of year	(134,136)	4,489,960	4,355,824
Net Assets, end of year	\$ (297,469)	\$ 1,166,181	\$ 868,712

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

**DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA**

Statement of Activities (Continued)

<i>Year ended September 30, 2018</i>	Without Donor Restriction	With Donor Restriction	Total
Support and Revenues			
Federal revenue	\$ -	\$ 7,123,596	\$ 7,123,596
Private grants	-	176,093	176,093
In-kind contributions	-	1,135,220	1,135,220
Contributions	254,285	2,957,695	3,211,980
Net assets released from restrictions:	7,524,439	(7,524,439)	-
Total Support and Revenues	7,778,724	3,868,165	11,646,889
Expenses			
Program services	7,395,212	-	7,395,212
Management and general	614,257	-	614,257
Fundraising	1,720	-	1,720
Total Expenses	8,011,189	-	8,011,189
Change in Net Assets	(232,465)	3,868,165	3,635,700
Net Assets, beginning of year	98,329	621,795	720,124
Net Assets, end of year	\$ (134,136)	\$ 4,489,960	\$ 4,355,824

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

**DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA**

Statement of Functional Expenses

<i>Year ended September 30, 2019</i>	Program Services (Disaster Services)	Management and General	Total
Personnel costs:			
Salaries and wages	\$ 16,107,781	\$ 476,444	\$ 16,584,225
Staff insurance	1,169,897	24,900	1,194,797
Pension	82,061	20,394	102,455
Total Personnel Costs	17,359,739	521,738	17,881,477
Accounting	103,143	50,533	153,676
Administration	140,559	2,148	142,707
Advertising	3,681	9,750	13,431
Computer maintenance and supplies	29,985	2,010	31,995
Depreciation and Amortization	2,790	1,780	4,570
Dues and subscriptions	6,834	7,804	14,638
Disaster services supplies and assistance	1,716,530	-	1,716,530
Grants and allocations	335,453	-	335,453
Insurance	129,456	18,823	148,279
Bad debt	24,865	21	24,886
Legal	45,734	10,038	55,772
Travel, meals and entertainment	624,799	60,172	684,971
Meetings	3,090	3,800	6,890
Office	501,756	38,264	540,020
Other	8,701	11,077	19,778
Materials and printing	14,733	146	14,879
Professional fees	1,014,382	56,714	1,071,096
Rent	909,572	20,471	930,043
Repairs and maintenance	6,980	1,545	8,525
Telephone	214,144	23,399	237,543
Training	1,374	1,819	3,193
Utilities	24,768	658	25,426
Total Expenses	\$ 23,223,068	\$ 842,710	\$ 24,065,778

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

**DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA**

Statement of Cash Flows

<i>Years ended September 30,</i>	2019	2018
Cash Flows from Operating activities		
Change in net assets	\$ (3,487,112)	\$ 3,635,700
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	4,570	2,438
Changes in current assets and liabilities:		
Grant receivable and unbilled grant receivable	(705,276)	(1,379,863)
Inventory	77,299	(200,764)
In-kind future lease benefit	257,640	(289,800)
Prepaid expenses and other assets	(25,000)	(156,130)
Intangible	3,713	-
Accounts payable	1,195,772	107,160
Accrued salaries and payroll taxes	(13,869)	74,816
Due to/from related organization	(115,256)	798,647
Deferred revenue	-	(20,501)
Net cash (used in) provided by operating activities	(2,807,519)	2,571,703
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(13,873)
Net cash used in investing activities	-	(13,873)
Net Change in Cash and Cash Equivalents	(2,807,519)	2,557,830
Cash and Cash Equivalents, beginning of year	2,820,838	263,008
Cash and Cash Equivalents, end of year	\$ 13,319	\$ 2,820,838
Supplemental Cash Flow Information		
In-kind contributions of leased space	\$ 178,542	\$ 570,585
In-kind contributions of supplies	18,992	565,635

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

DISASTER SERVICES CORPORATION- SOCIETY OF ST. VINCENT DE PAUL USA

Notes to Financial Statements

1. Nature of Organization and Summary of Significant Accounting Policies

Organization

Disaster Services Corporation-Society of St. Vincent De Paul USA (“DSC”) is a tax-exempt, nonprofit, charitable organization that provides humanitarian services primarily to poor and low-income families and individuals.

The primary mission of DSC is to provide disaster response and recovery services to clients throughout the United States and its territories. DSC’s secondary missions include conducting disaster response training sessions, and providing disaster response management and consulting services to state and local governments and other nonprofits.

DSC frequently collaborates with other disaster relief and recovery agencies, organizations, and businesses to provide post-first responder long-term recovery assistance to those in need.

DSC is wholly owned by the National Council of the United States Society of St. Vincent de Paul, Inc. (the “Society”). DSC was incorporated in Missouri on February 10, 2017.

Financial Statement Presentation

DSC prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, Not-For-Profit Entities. Under ASC Topic 958, DSC is required to report information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restriction.

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Net assets with donor restriction - DSC reports any funding of cash and other assets as with donor restricted support if they are received with program stipulations that limit the use of the funds. When a restriction is satisfied, net assets with donor restriction are reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking accounts with maturities of less than 90 days which are available for current use.

Fair Value Measurements

DSC’s financial instruments are cash and cash equivalents, receivables, and payables. The recorded carrying amounts approximate their fair values base on their short-term nature.

DISASTER SERVICES CORPORATION- SOCIETY OF ST. VINCENT DE PAUL USA

Notes to Financial Statements

Grants Receivable

Grants receivable are receivables from governmental agencies and are stated at the amount management expects to collect from outstanding balances. These reimbursements are subject to review by the issuing agency and consequently certain costs may be disallowed. Management is of the opinion that any adjustments made due to these reviews would be immaterial. Unbilled grants receivable are receivables from government agencies where expenses were incurred during the fiscal year but invoiced after year end.

Inventory

Inventory consists primarily of goods held for distribution to the House in the Box program. Inventory is a mix of items contributed by individuals, organizations, commercial enterprises or purchased by DSC. Purchased inventory is stated at the lower of cost (first-in, first-out) or market. Donated goods inventory is recorded at fair value.

Property and Equipment

Property and equipment is carried at cost or, if donated, is recorded based on the estimated fair value of the assets at the time of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 5-15 years.

Revenue Recognition

Revenue from grants and contracts is generally recognized to the extent of allowable expenses incurred and the provisions applicable to the grant or contract. Programs from grants and contracts typically have restrictions on how the funding can be used. DSC reports any funding of cash and other assets as with donor restricted support if they are received with program stipulations that limit the use of the funds. When a restriction is satisfied, net assets with donor restriction are reported in the statement of activities as net assets released from restrictions.

Contributions received are recorded as increases in without donor restriction or with donor restricted net assets, depending on the existence and/or nature of any donor restrictions. DSC reports donations of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When the satisfaction of a restriction is accomplished, net assets with donor restrictions are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions. When donor restricted contributions are received and used for the purpose and/or time-period intended during the same year, they are reported as increases in without donor restricted net assets.

Donated supplies, equipment and services are recorded as in-kind contributions at their fair value at date of receipt. There were donated supplies of \$18,992 and \$565,635 and leased space in the amount of \$178,542 and \$570,585, respectively, for the years ended September 30, 2019 and 2018.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of DSC. Expenses can be identified with a specific program and support services are allocated directly according to their natural expenditures' classification. Other

DISASTER SERVICES CORPORATION- SOCIETY OF ST. VINCENT DE PAUL USA

Notes to Financial Statements

expenses that are common to several functions are allocated based on estimates made by management. Salaries and benefits are allocated based on estimated time and effort of employees.

Concentration of Credit Risk and Other Concentrations

DSC management performs ongoing evaluations of the financial institutions it uses to limit its concentration of credit risk. DSC maintains cash balances in a checking account at a financial institution for day-to-day operating needs. At September 30, 2019 and 2018, the amount in excess of Federal depository insurance coverage was \$0 and \$2,570,838.

DSC expends funds for which it seeks reimbursement under grants from the Federal Government. 100% of grants receivable at September 30, 2019 and 2018 was from three agencies and one agency, respectively.

Income Taxes

DSC is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and classified by the Internal Revenue Service as an entity that is not a private foundation and qualifies for deductible contributions as provided in Section 170(b)(A)(vi). Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2017 and forward may be audited by regulatory agencies; however, DSC is not aware of any such actions at this time.

DSC has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

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 the reported amounts of assets and liabilities, and disclosure of contingent 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.

Recent Accounting Pronouncements Issued but Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The standard provides entities with a single model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, including industry-specific revenue guidance. The core principle of the model is to recognize revenue when control of the goods or services transfers to the customer, as opposed to recognizing revenue when the risks and rewards transfer to the customer under the existing revenue guidance. The guidance permits entities to either apply the requirements retrospectively to all prior periods presented, or apply the requirements in the year of adoption, through a cumulative adjustment. ASU 2014-09 is effective for the Organization starting October 1, 2019.

**DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA**

Notes to Financial Statements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

On June 3, 2020, FASB issues ASU No. 2020-05, *Revenue from Contracts with Customers (TOPIC 606) and Leases (Topic 842): Effective Dates for Certain Entities*. This ASU permits private companies that have not yet applied the revenue recognition standard to do so for annual report periods beginning after December 15, 2019. This ASU also extended Topic 842 to years beginning after December 31, 2021. DSC is in the process of evaluating the potential impact of ASU 2020-05 on the 2020 consolidated financial statements.

2. Adoption of ASU 2016-14

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, provides information about liquidity and availability of resources and improves the type of information provided about expenses and investment return. DSC has applied the ASU retrospectively to all periods presented except the Organization has opted to present the liquidity and availability information and statement of functional expenses for 2019 only as permitted under the ASU. As a result of the adoption, temporarily and permanently restricted net assets at September 30, 2019 are now combined into net assets with donor restriction. Other than the changes to the consolidated financial statement presentation and disclosures described above, adoption of the ASU did not have a significant impact on the consolidated financial statements. There was no effect on the change in net assets for the year ended September 30, 2018.

A recap of the net asset classifications driven by the adoption of ASU 2016-14 as follows:

ASU 2016-14 Classifications

Net Assets Classifications	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
As previously presented:			
Unrestricted	\$ (134,136)	-	\$ (134,136)
Temporarily restricted	-	4,489,960	4,489,960
Net assets, as reclassified	\$ (134,136)	4,489,960	\$ 4,355,824

**DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA**

Notes to Financial Statements

3. Property and Equipment, Net

Property and equipment, net consisted of the following:

<i>September 30,</i>	2019	2018
Furniture and equipment	\$ 26,950	\$ 26,950
Less: Accumulated depreciation	(7,085)	(2,515)
Property and equipment, net	\$ 19,865	\$ 24,435

Depreciation expense of \$4,570 and \$2,438 was incurred for the years ended September 30, 2019 and 2018, respectively.

4. Grants Receivable

Grants receivable includes amounts due in connection with reimbursement of allowable expenditures made pursuant to the agreements with the Federal Emergency Management Agency, Volunteer Florida and the National Voluntary Organizations Active in Disasters. At September 30, 2019 and 2018, grants receivable totaled \$1,266,374 and \$310,773, respectively.

5. Net Assets with Donor Restrictions

Net assets with donor restrictions include the following balances, which are restricted to specific program services as follows:

<i>September 30,</i>	2019	2018
Disaster Case Management	\$ -	\$ 1,802,366
House in a Box program	359,910	1,712,770
Recent hurricanes	678,702	862,835
Hope program	61,280	60,710
Louisiana floods	-	5,801
North Carolina relief effort	-	3,639
Other disaster relief	66,289	41,839
Total net assets with donor restrictions	\$ 1,166,181	\$ 4,489,960

**DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA**

Notes to Financial Statements

Net assets released from restriction by incurring expenses satisfying the restricted purpose are as follows:

<i>Years ended September 30,</i>	2019	2018
Disaster Case Management	\$ 20,361,678	\$ 5,321,651
House in a Box program	2,178,074	1,307,287
Recent hurricanes	458,221	730,598
Hope program	911	3,091
Other disaster relief	656,918	161,812
Total net assets released from restriction	\$ 23,655,802	\$ 7,524,439

6. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

<i>September 30,</i>	2019
Cash and cash equivalents	13,319
Grant receivable	1,266,374
Unbilled grant receivable	818,765
Total financial assets available within one year	\$ 2,098,458

7. Commitments and Contingencies

Lease Commitments

DSC has entered into various noncancelable operating lease agreements for office facilities. Total lease expense for the year ended September 30, 2019 and 2018, was \$930,043 and 429,392 respectively, which was inclusive of \$436,182 and \$280,787 of donated in-kind lease expense in fiscal 2019 and 2018 respectively. Future minimum rent payments are as follows:

<i>Years ended September 30,</i>	Amount
2020	\$ 92,832
Total	\$ 92,832

**DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA**

Notes to Financial Statements

8. Defined Contribution Plans

DSC currently offers two plans to its employees. The deferred contribution simplified employee pension plan allows discretionary employer contributions for eligible employees through the Pension Plan offered by the National Council of the United States Society of St. Vincent DePaul, Inc. Currently DSC contributes 8% of eligible employees' compensation. Employees are considered 100% vested upon eligibility. Contributions for the years ended September 30, 2019 and 2018 totaled \$102,455 and \$93,766, respectively.

The tax-deferred annuity plan allows employees to defer compensation as provided in Section 403(b) of the Internal Revenue Code. This plan is voluntary, and contributions are made based upon a percentage of compensation elected by the employee.

9. Related Party Transactions

During the years ended September 30, 2019 and 2018, DSC recorded \$668,032 and \$899,180 of contributions, respectively, that were disaster relief funds received by the Society and contributed to DSC.

During the years ended September 30, 2019 and 2018, DSC received \$352,188 and \$271,586, respectively, from SVDP Council of Victoria for purchase of furniture to be shipped directly to the Council of Victoria in support of their House in a Box program.

During the years ended September 30, 2019 and 2018, DSC received \$124,864 and \$142,093, respectively, from various Councils of the Society to process Rapid Response and Long-term Grants.

The net payable to the Society is comprised of the following:

<i>Years ended September 30,</i>	2019	2018
Support receivable	\$ 498	\$ 64,731
Less: Payable to Society	3,557	183,046
Total Payable to Society, net	\$ 3,059	\$ 118,315

10. Subsequent Events

DSC's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from September 30, 2019 through June 26, 2020, which is the date the financial statements were available to be issued.

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

DISASTER SERVICES CORPORATION- SOCIETY OF ST. VINCENT DE PAUL USA

Notes to Financial Statements

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on DSC's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, DSC is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020. Although DSC cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on DSC's results of future operations, financial position, and liquidity in fiscal 2020.

CARES Act

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. DSC has applied for \$1,487,330 through this program and received all funds by May 1, 2020. The Society continues to examine the impact that the CARES Act may have on the business. Currently, management is unable to determine the impact that the CARES Act will have on the Society's financial condition, results of operation, or liquidity.

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*

The Board of Directors
DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA

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 Disaster Services Corporation-Society of St. Vincent De Paul USA (DSC), which comprise the statements of financial position as of September 30, 2019, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DSC'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DSC's internal control. Accordingly, we do not express an opinion on the effectiveness of DSC'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 DSC'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 DSC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DSC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

June 26, 2020
St. Louis, MO



Independent Auditor's Report on Compliance For the Major Federal Program; and Report on Internal Control Over Compliance Required; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA

Report on Compliance for Each Major Federal Program

We have audited the Disaster Services Corporation-Society of St. Vincent De Paul USA's (DSC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of DSC's major federal programs for the year ended September 30, 2019. DSC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of DSC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about DSC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of DSC's compliance.

Opinion on Each Major Federal Program

In our opinion, DSC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.



Report on Internal Control Over Compliance

Management of DSC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered DSC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of DSC's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of DSC as of and for the year ended September 30, 2019, and have issued our report thereon dated June 26, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BDS USA, LLP

June 26, 2020
St. Louis, MO

**DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA**

**Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA)				
Passed through State of Louisiana				
Disaster Assistance Projects (DR4263)	97.088	2000345246	\$ -	\$ 1,886
Disaster Assistance Projects (DR4263)	97.088	2000199284	-	243,947
Disaster Assistance Projects (DR4277)	97.088	2000345246	-	1,542,956
Subtotal			-	1,788,789
Passed through National Voluntary Organizations Active in Disaster (NVOAD)				
*Disaster Assistance Projects (DR4332)	97.088	N/A	-	9,165,644
Passed through Volunteer Florida				
Disaster Assistance Projects (DR4337)	97.088	N/A	-	1,840,486
Disaster Assistance Projects (DR4339)	97.088	N/A	-	7,545,221
Total U.S. Department of Homeland Security			-	20,340,140
Total Expenditures of Federal Awards			\$ -	\$ 20,340,140

The accompanying notes are an integral part of this schedule

*\$32,160 of noncash assistance is reflected in this balance. Refer to Note 3 in the accompanying notes.

**DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA**

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2019**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Disaster Services Corporation-Society of St. Vincent De Paul USA "DSC" under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of DSC, it is not intended to and does not present the financial position, changes in net assets or cash flows of DSC.

Note 2 - Summary of Significant Accounting Policies

Expenditures reports on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Noncash Assistance

In fiscal year 2019, DSC received donated in-kind lease space totaling to \$178,542. This is considered noncash assistance related to the major program. During fiscal 2019, DSC incurred \$436,182 in related in-kind expense. \$32,160 is reflected as in-kind future lease benefit as of September 30, 2019. The \$32,160 was reported in the accompanying Schedule of Expenditures of Federal Awards.

Note 4 - Indirect Cost Rate

DSC has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

**DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA**

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

<u><i>Identification of Major Federal Programs</i></u>	<u>Federal CFDA Number</u>
<i>Name of Federal Program or Cluster:</i> Disaster Assistance Projects	97.088
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

**DISASTER SERVICES CORPORATION-
SOCIETY OF ST. VINCENT DE PAUL USA**

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2019**

Section II - Financial Statement Findings

For the year ended September 30, 2019, there were no findings related to the consolidated financial statements which are required to be reported in accordance with generally accepted government auditing standards ("GAGAS").

Section III - Federal Award Findings and Questioned Costs

For the year ended September 30, 2019, there were no findings and questioned costs for federal awards (as defined in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Guidance that are required to be reported.



Summary Schedule of Prior Year Findings

Finding 2018-001: Financial Statement Reconciliation and Close Process

Condition

1. There were 5 audit adjustment to correct balances in the original trial balance for the year ended September 30, 2018 to balances that could be supported by evidential material. These adjustments affected both federal and nonfederal activity. Accounts requiring adjustment included inventory, in-kind lease future benefit, program expense, in-kind contributions, unbilled federal receivables, and federal revenue.
2. In general, there was a lack of timely general ledger reconciliations including reconciliation of the Schedule of Expenditures of Federal Awards.
3. Exceptions were identified surrounding unrecorded in-kind contributions of donated inventory and donated lease space. We also identified inventory that was expensed when originally purchased.

Prior Year Corrective Action Plan

Management's corrective action is to continue to strengthen the staffing infrastructure for financial statement close, reconciliation and review processes. Management hired an external third party to assist with the financial close and internal control process. Management has also hired 2 additional accounting staff to assist with accounting and financial reporting for federally awarded programs.

In addition, DSC has taken over the financial management process for one of its subcontractors to ensure the timeliness and accuracy of reporting expenses on the federally funded programs.

Status of Finding as of September 30, 2019: Corrected

This finding has been corrected in the current year.

Finding 2018-002: Segregation of Duties

Condition

DSC's Chief Financial Officer had administrator rights over the accounting system during fiscal year 2018.

Prior Year Corrective Action Plan

Management has hired additional staff and will assess internal control processes for completeness and sufficiency.

Status of Finding as of September 30, 2019: Corrected

This finding has been corrected in the current year.



Summary Schedule of Prior Year Findings

Finding 2018-003: Reporting

Condition

DSC did not timely complete the Single Audit and file the 2018 Data Collection Form. During our audit we also noted there were not proper controls surrounding the preparation and review of financial records including the schedule of expenditures of federal awards (SEFA). This schedule was not reviewed by any member of management other than the person who prepared the schedule.

Prior Year Corrective Action Plan

Management implemented a system for tracking and recording of all report due dates and submissions. Management's corrective action is to continue to strengthen the staffing infrastructure for financial statement close, reconciliation and review processes.

Status of Finding as of September 30, 2019: Corrected

This finding has been corrected in the current year.

Finding 2018-004: Procurement, Suspension and Debarment

Condition

We noted that DSC does not have adequate policies and procedures to ensure that federally funded contracts are not being entered into with any suspended and/or debarred vendors.

Prior Year Corrective Action Plan

Management has created a contracts review policy to ensure proper documentation that all compliance requirements are reviewed and validated according to the Uniform Guidance requirements.

Status of Finding as of September 30, 2019: Corrected

This finding has been corrected in the current year.