

Disaster Services Corporation - Society of St. Vincent De Paul USA

**Financial Statements
and Supplementary Information
Years Ended September 30, 2021 and 2020**

**Schedule of Expenditures of Federal Awards
and Reports Required by *Government
Auditing Standards* and Uniform Guidance
Year Ended September 30, 2021**

**Disaster Services Corporation -
Society of St. Vincent De Paul USA**

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and Supplementary Information
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Government Auditing Standards and Uniform Guidance
Year Ended September 30, 2021

Disaster Services Corporation - Society of St. Vincent De Paul USA

Contents

Independent Auditor's Report	3-5
Financial Statements	
Statements of Financial Position as of September 30, 2021 and 2020	7
Statements of Activities for the Years Ended September 30, 2021 and 2020	8-9
Statements of Functional Expenses for the Years Ended September 30, 2021 and 2020	10-11
Statements of Cash Flows for the Years Ended September 30, 2021 and 2020	12
Notes to Financial Statements	13-20
Supplementary Information	
Schedule of Expenditures of Federal Awards for the Year Ended September 30, 2021	22
Notes to Schedule of Expenditures of Federal Awards	23
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>	24-25
Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance	26-28
Schedule of Findings and Questioned Costs for the Year Ended September 30, 2021	29



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Independent Auditor's Report

The Board of Directors
Disaster Services Corporation -
Society of St. Vincent De Paul USA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Disaster Services Corporation - Society of St. Vincent de Paul USA (DSC), which comprise the statement of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of DSC as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 DSC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the DSC's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 GAAS 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 the Entity's 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 the DSC's 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.

Other Matters

Supplementary 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*, is presented for purposes 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. Such 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



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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 March 7, 2022 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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

March 7, 2022

Financial Statements

Disaster Services Corporation - Society of St. Vincent de Paul USA

Statements of Financial Position

September 30,	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,170,479	\$ 1,307,745
Grants receivable	395,286	378,577
Unbilled grant receivable	-	296,892
Receivable from related organization	-	15,213
Inventory	-	86,386
Prepaid expenses and other assets	108,712	49,997
Total Current Assets	1,674,477	2,134,810
Property and equipment, net	4,999	7,789
Total Assets	\$ 1,679,476	\$ 2,142,599
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 365,755	\$ 447,359
Due to related organization	8,557	-
Accrued salaries and payroll taxes	43,436	75,037
Current maturities of paycheck protection program loan	244,611	330,518
Total Current Liabilities	662,359	852,914
Paycheck protection program loan	676,282	1,156,812
Total Liabilities	1,338,641	2,009,726
Net Assets		
Without donor restriction	49,966	(128,993)
With donor restriction	290,869	261,866
Total Net Assets	340,835	132,873
Total Liabilities and Net Assets	\$ 1,679,476	\$ 2,142,599

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

Disaster Services Corporation - Society of St. Vincent de Paul USA

Statements of Activities

Year Ended September 30, 2021

	Without Donor Restriction	With Donor Restriction	Total
Revenues			
Federal revenue	\$ -	\$ 969,173	\$ 969,173
Private grants	150,000	758,375	\$ 908,375
In-kind contributions	-	936,611	\$ 936,611
Contributions	264,280	409,978	\$ 674,258
Employee Retention Credits	297,268	-	\$ 297,268
Paycheck Protection Program loan extinguishment	557,732	-	\$ 557,732
Other Income	53,968	-	\$ 53,968
Net assets released from restrictions	3,045,134	(3,045,134)	\$ -
Total Revenues	4,368,382	29,003	4,397,385
Expenses			
Program services	3,308,602	-	3,308,602
Management and general	767,599	-	767,599
Fundraising	113,222	-	113,222
Total Expenses	4,189,423	-	4,189,423
Change in Net Assets	178,959	29,003	207,962
Net Assets, beginning of year	(128,993)	261,866	132,873
Net Assets, end of year	\$ 49,966	\$ 290,869	\$ 340,835

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

Disaster Services Corporation - Society of St. Vincent de Paul USA

Statements of Activities

Year Ended September 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
Revenues			
Federal revenue	\$ -	\$ 12,561,815	\$ 12,561,815
Private grants	150,000	1,553,566	1,703,566
In-kind contributions	-	115,285	115,285
Contributions	70,831	258,817	329,648
Other Income	50,208	-	50,208
Net assets released from restrictions	15,393,798	(15,393,798)	-
Total Support and Revenues	15,664,837	(904,315)	14,760,522
Expenses			
Program services	14,767,747	-	14,767,747
Management and general	671,832	-	671,832
Fundraising	56,782	-	56,782
Total Expenses	15,496,361	-	15,496,361
Change in Net Assets	168,476	(904,315)	(735,839)
Net Assets, beginning of year	(297,469)	1,166,181	868,712
Net Assets, end of year	\$ (128,993)	\$ 261,866	\$ 132,873

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

Disaster Services Corporation - Society of St. Vincent de Paul USA

Statements of Functional Expenses

Year Ended September 30, 2021

	Program Services	Management And General	Fundraising	Total
Personnel Costs				
Salaries and payroll taxes	\$ 1,281,871	\$ 378,200	\$ 45,629	\$ 1,705,700
Staff insurance	41,237	20,060	657	61,954
Pension	111,752	21,521	1,416	134,689
Total Personnel Costs	1,434,860	419,781	47,702	1,902,343
Accounting	11,276	94,813	-	106,089
Administration	33,637	5,343	134	39,114
Advertising	-	-	12,520	12,520
Depreciation	2,790	-	-	2,790
Dues and subscriptions	3,247	3,948	2,839	10,034
Disaster Services supplies and assistance	1,395,036	-	41,250	1,436,286
Grants and allocations	158,691	-	-	158,691
Insurance	-	25,754	-	25,754
Bad debt	40,983	-	-	40,983
Legal	9,256	15,511	-	24,767
Travel, meals and entertainment	63,810	18,831	798	83,439
Meetings	250	5,778	-	6,028
Office	53,587	19,723	116	73,426
Other	115	15,273	-	15,388
Materials and printing	1,081	221	1,451	2,753
Professional fees	30,181	88,641	6,271	125,093
Rent	45,624	38,351	-	83,975
Repairs and maintenance	1,375	1,530	-	2,905
Telephone	19,610	9,550	141	29,301
Training	-	1,209	-	1,209
Utilities	3,193	3,342	-	6,535
Total Expenses	\$ 3,308,602	\$ 767,599	\$ 113,222	\$ 4,189,423

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

Disaster Services Corporation - Society of St. Vincent de Paul USA

Statements of Functional Expenses

Year ended September 30, 2020

	Program Services	Management And General	Fundraising	Total
Personnel Cost:				
Salaries and payroll taxes	\$ 10,210,281	\$ 346,580	\$ 18,000	\$ 10,574,861
Staff insurance	1,012,710	33,380	-	1,046,090
Pension	278,019	11,245	-	289,264
Total Personnel Costs	11,501,010	391,205	18,000	11,910,215
Accounting	184,135	27,845	-	211,980
Administration	84,184	4,570	391	89,145
Advertising	-	-	31,735	31,735
Depreciation	4,183	77	-	4,260
Dues and subscriptions	11,000	3,334	-	14,334
Disaster Services supplies and assistance	1,154,567	-	-	1,154,567
Grants and allocations	117,788	-	-	117,788
Insurance	76,633	3,089	-	79,722
Bad debt	193	-	-	193
Legal	11,574	45,138	-	56,712
Travel, meals and entertainment	212,312	13,646	-	225,958
Meetings	-	13,974	-	13,974
Office	121,462	28,226	6,656	156,344
Other	-	18	-	18
Materials and printing	611	239	-	850
Professional fees	633,776	92,440	-	726,216
Rent	442,164	25,898	-	468,062
Repairs and maintenance	4,479	1,670	-	6,149
Telephone	169,581	19,204	-	188,785
Training	16	30	-	46
Utilities	38,079	1,229	-	39,308
Total Expenses	\$ 14,767,747	\$ 671,832	\$ 56,782	\$ 15,496,361

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

Disaster Services Corporation - Society of St. Vincent de Paul USA

Statements of Cash flows

<i>Years ended September 30,</i>	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 207,962	\$ (735,839)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	2,790	4,260
Gain on sale of long-lived assets	-	7,816
Extinguishment of Paycheck Protection Program loan	(557,732)	-
Changes in current assets and liabilities:		
Grants receivable and unbilled grants receivable	280,183	1,409,670
Inventory	86,386	37,079
Prepaid expenses and other assets	(58,715)	163,918
Accounts payable and accrued expenses	(81,604)	(1,066,654)
Accrued salaries and payroll taxes	(31,601)	5,118
Due to/from related organization	23,770	(18,272)
Net Cash Used in Operating Activities	(128,561)	(192,904)
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program loan	-	1,487,330
Payments on Paycheck Protection Program loan	(8,705)	
Net Cash (Used in) Provided by Financing Activities	(8,705)	1,487,330
Net Change in Cash and Cash Equivalents	(137,266)	1,294,426
Cash and Cash Equivalents, beginning of year	1,307,745	13,319
Cash and Cash Equivalents, end of year	\$ 1,170,479	\$ 1,307,745
Supplemental Cash Flow Information		
In-kind contributions of leased space	\$ -	\$ 23,000
In-kind contributions of supplies	\$ 936,611	\$ 92,285

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 or the Organization) 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 (U.S. 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 - These assets 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 time or purpose restrictions 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 that 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 and Unbilled 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 net realizable value. 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, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from five to 15 years.

Revenue Recognition - Contributions and Grant Revenue

DSC adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, on October 1, 2020. Analysis of various provisions of this standard resulted in no significant changes in the way DSC recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

A significant portion of DSC's revenue is derived from cost reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. DSC determined the amounts received from these contracts and grants are non-exchange transactions in accordance with ASU No. 2018-08. Amounts received are recognized as revenue when DSC has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances (contract liabilities) in the statement of financial position. There were no refundable advances as of September 30, 2021 and 2020.

Contributions received are recorded as increases in without donor restriction or with donor restriction net assets, depending on the existence and/or nature of any donor restrictions. DSC reports donations of cash and other assets as with donor restriction 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.

Disaster Services Corporation - Society of St. Vincent De Paul USA

Notes to Financial Statements

Donated supplies, equipment and services are recorded as in-kind contributions at their fair value at date of receipt. There were donated supplies of \$936,611 and \$92,285 and leased space in the amount of \$0 and \$23,000, respectively, for the years ended September 30, 2021 and 2020.

DSC adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, on October 1, 2020. Based on the analysis of various provisions of this standard, DSC determined that it does not have any revenue streams which are accounted for under Topic 606, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

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 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

DSC expends funds for which it seeks reimbursement under grants from the federal government. 95% of grants receivable at September 30, 2021 was from one agency. 100% of grants receivable at September 30, 2020 was from three agencies.

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 2018 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, which 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 the 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.

Disaster Services Corporation - Society of St. Vincent De Paul USA

Notes to Financial Statements

Recent Accounting Pronouncements Issued but Not Yet Adopted

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 income statement. DSC is currently evaluating the impact of the ASU on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). This update addresses presentation and disclosure of contributed nonfinancial assets. This update will require a nonprofit to present contributed nonfinancial assets as a separate line item in the consolidated statement of activities, apart from contributions of cash and other financial assets, disclose contributed nonfinancial assets recognized within the consolidated statement of activities disaggregated by category that depicts the type of contributed nonfinancial assets, and for each category of contributed nonfinancial assets recognized, include the following: qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period (if utilized, disclose a description of the programs or other activities in which those assets were used), the Organization's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets, a description of any donor-imposed restrictions associated with the contributed nonfinancial assets, a description of the valuation techniques and inputs used to arrive at a fair value measure at initial recognition, and the principal market used by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The ASU is to be applied on a retrospective basis and effective for annual periods beginning June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. DSC is currently evaluating the impact of ASU on its financial statements.

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, 2021 through March 7, 2022, which is the date the financial statements were available to be issued.

2. Employee Retention Credit (ERC) Program

On December 27, 2020, in response to the COVID-19 pandemic, the U.S. Congress enacted the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA), which among other things, contains provisions for an employee retention credit, a refundable payroll credit for 50% of wages and health benefits paid to employees not providing services or experienced a decline in gross receipts, as a result of the COVID-19 pandemic. DSC recognized other income related to the ERC credits totaling \$297,268 during the year ended September 30, 2021. DSC recorded an ERC credit receivable totaling \$78,467 in prepaid expenses and other assets in the statement of financial position as of September 30, 2021.

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>		2021		2020
Furniture and equipment	\$	13,950	\$	13,950
Less: accumulated depreciation		(8,951)		(6,161)
Property and Equipment, Net	\$	4,999	\$	7,789

Depreciation expense of \$2,790 and \$4,260 was recorded for the years ended September 30, 2021 and 2020, respectively.

4. 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>		2021		2020
House in a Box program	\$	-	\$	111,850
Natural disasters		242,012		85,575
Hope program		-		-
Other disaster relief		48,857		64,441
Total Net Assets with Donor Restrictions	\$	290,869	\$	261,866

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

<i>Year ended September 30,</i>		2021		2020
Disaster Case Management	\$	969,173	\$	12,561,799
House in a Box program		392,850		1,636,954
Natural disasters		589,891		963,746
Hope program		-		63,487
Other disaster relief		1,093,220		167,812
Total Net Assets Released from Restriction	\$	3,045,134	\$	15,393,798

5. 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:

Disaster Services Corporation - Society of St. Vincent De Paul USA

Notes to Financial Statements

<i>September 30,</i>	2021	2020
Cash and cash equivalents	\$ 1,170,479	\$ 1,307,745
Grant receivable	395,286	378,577
Unbilled grant receivable	-	296,892
Receivable from related organization	-	15,213
ERC Receivable (Note 2)	78,467	-
	\$ 1,644,232	\$ 1,998,427

DSC maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

6. Commitments and Contingencies

Lease Commitments

DSC has entered into various noncancelable operating lease agreements for office facilities. Lease expense for the year ended September 30, 2021 and 2020 totaled \$83,975 and \$468,062, respectively, and included \$0 and \$23,000 of donated in-kind lease expense in fiscal 2021 and 2020, respectively. Future minimum rent payments are as follows:

Years ending September 30,

2022	\$	29,057
2023		9,785
Total	\$	38,842

7. Defined Contribution Plans

The Society currently offers one plan to its employees, the 403(b) Thrift Plan for Employees of the Council of the United States-Society of St. Vincent de Paul. This Plan is a defined contribution 403(b) plan covering all employees.

8. Paycheck Protection Program Loan and Line of Credit

On April 6, 2020, DSC applied for and received approval for a loan under the Payroll Protection Program (PPP) administered by the United States Small Business Administration (SBA). The PPP was legislated as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and is a program designed to provide a direct incentive for small businesses to keep their workers on the payroll. The loan may be partially or fully forgiven if the business keeps its employee counts and employee wages stable. DSC received a PPP loan in the amount of \$1,487,330, which is held by a third-party financial institution. The application for these funds required the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. This certification further required the Organization to take into account current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The loan has an interest rate of approximately 1%. Principal and interest payments

Disaster Services Corporation - Society of St. Vincent De Paul USA

Notes to Financial Statements

on the loan was deferred until a determination is made on whether the loan, or a portion of the loan, will be forgiven.

On July 28, 2021, DSC was notified by the SBA that \$557,732 of the PPP loan was forgiven and the remaining loan balance was extended to the fifth anniversary of the original disbursement date of the loan, April 2025. Principal payments on the loan totaling \$21,054 began on September 1, 2021 and are payable in monthly installments through April 2025.

Future maturities of long-term debt are as follows:

<i>Years Ending September 30,</i>	
2022	\$ 244,611
2023	247,052
2024	249,509
2025	179,721
	<hr/>
	\$ 920,893

DSC has a \$150,000 line of credit with a bank, which expires September 15, 2025. The line of credit has interest payable at 3% plus the prime rate. No amounts were outstanding on the line of credit at September 30, 2021 and 2020.

9. Related-Party Transactions

During the years ended September 30, 2021 and 2020, DSC recorded \$192,064 and \$396,706 of contributions, respectively, that were disaster relief funds received by the Society and contributed to DSC.

During the years ended September 30, 2021 and 2020, DSC received \$104,854 and \$71,974, respectively, from various Councils of the Society to process Rapid Response and Long-term Grants.

The net receivable (payable) to the Society is comprised of the following:

<i>September 30,</i>	2021	2020
Support receivable	\$ -	\$ 20,000
Less: payable to Society	(8,557)	(4,787)
Receivable (Payable) to Society, Net	\$ (8,557)	\$ 15,213

10. Risk and Uncertainties

COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (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

CARES Act

On March 27, 2020, the CARES Act was signed into law. 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 PPP 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. The Organization did receive a PPP loan of as described in Note 8. DSC is not deferring the employer side of social security payments.

Supplementary Information

Disaster Services Corporation - Society of St. Vincent De Paul USA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2021

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)				
Disaster Assistance Projects (DR4339) Passed through National Voluntary Organizations Active in Disaster (NVOAD):	97.088	N/A	\$ -	\$ 38,602
Disaster Assistance Projects (DR4332) Passed through Volunteer Florida:	97.088	N/A	-	51,258
Disaster Assistance Projects (DR4339-2)	97.088	N/A	-	252,855
Disaster Assistance Projects (DR4339-3) Passed through Oregon Department of Human Services	97.088	N/A	-	212,285
Disaster Assistance Projects (DR4562)	97.088	N/A	-	458,727
Total U.S. Department of Homeland Security				
Total Expenditures of Federal Awards			\$ -	\$ 1,013,727

Disaster Services Corporation - Society of St. Vincent De Paul USA

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2021

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, 2021. 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.

2. Summary of Significant Accounting Policies

Expenditures 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.

3. Indirect Cost Rate

DSC has elected not to use the 10% de minimis cost rate allowed under the Uniform Guidance.



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 statement of financial position as of September 30, 2021 and 2020, 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 March 7, 2022.

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) as a basis for designing 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 DSC'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 or significant deficiencies 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 financial statements. However, providing an opinion on compliance with



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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 DSC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

March 7, 2022



Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance

Disaster Services Corporation -
Society of St. Vincent De Paul USA

Report on Compliance

Opinion on Compliance for Each Major Federal Program

We have audited 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, 2021. DSC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2021.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of DSC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of DSC's compliance with the types of compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to DSC's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on DSC's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the types of compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about DSC's compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 DSC's compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of DSC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of DSC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.



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Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

BDO USA, LLP

March 7, 2022

Disaster Services Corporation - Society of St. Vincent De Paul USA

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Section 1. 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? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes 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)?

Yes No

Identification of major federal programs:

Federal CFDA Number	Name of Federal Program or Cluster
97.088	Disaster Assistance Projects

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

Section 2. Financial Statement Findings

There were no findings related to the financial statements that are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

Section 3. Federal Award Findings and Questioned Costs

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.