

**SAMARITAN MINISTRIES**  
**FINANCIAL STATEMENTS**

For the Years Ended June 30, 2018 and 2017



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Samaritan Ministries  
Winston-Salem, North Carolina

We have audited the accompanying financial statements of Samaritan Ministries (a nonprofit organization) which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 opinions.

2160 Country Club Road / Winston-Salem, NC 27104 / 336-725-0635 / Fax 336-725-0630  
219 Moore Road / P.O. Box 330 / King, NC 27021 / 336-983-5985 / Fax 336-983-5935

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[www.cannonandcompanyllp.com](http://www.cannonandcompanyllp.com)

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Samaritan Ministries as of June 30, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Cannon & Company, P.C.*

August 13, 2018

**SAMARITAN MINISTRIES, INC**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2018 and 2017

<b>ASSETS</b>	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,122,480	\$ 824,484
Investments	606,027	633,786
Promises to give, net of allowance for uncollectible accounts of \$0 and \$5,079 for 2018 and 2017, respectively	-	42,196
Other receivables	6,508	3,253
Prepaid expenses	14,782	15,585
<b>TOTAL CURRENT ASSETS</b>	<u>1,749,797</u>	<u>1,519,304</u>
<b>NONCURRENT ASSETS</b>		
Property and equipment	3,300,645	3,458,028
Beneficial interest in assets held by others	274,080	269,675
Promises to give, net of current portion	-	5,087
<b>TOTAL ASSETS</b>	<u>\$ 5,324,522</u>	<u>\$ 5,252,094</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 16,454	\$ 2,022
Accrued payroll	14,130	27,349
<b>TOTAL CURRENT LIABILITIES</b>	<u>30,584</u>	<u>29,371</u>
<b>NONCURRENT LIABILITIES</b>		
Notes payable	845,722	845,722
<b>TOTAL LIABILITIES</b>	<u>876,306</u>	<u>875,093</u>
<b>NET ASSETS</b>		
Unrestricted		
Net assets invested in property and equipment	2,454,923	2,612,306
Undesignated	1,386,266	1,110,909
Temporarily restricted	607,027	653,786
<b>TOTAL NET ASSETS</b>	<u>4,448,216</u>	<u>4,377,001</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,324,522</u>	<u>\$ 5,252,094</u>

See accompanying notes.

**SAMARITAN MINISTRIES, INC**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended June 30, 2018 and 2017

<b>UNRESTRICTED NET ASSETS</b>	<u>2018</u>	<u>2017</u>
<b>SUPPORT AND REVENUE</b>		
Churches and individuals	\$ 721,634	\$ 771,363
Government grants	117,632	44,898
Businesses, foundations and other	226,691	175,120
Estate bequests	133,398	-
Fundraisers	248,634	242,925
Investment income	7,097	37,418
Miscellaneous income	-	4,484
	<u>1,455,086</u>	<u>1,276,208</u>
Net assets released from restrictions	<u>123,410</u>	<u>165,684</u>
	<u>1,578,496</u>	<u>1,441,892</u>
<b>EXPENSES</b>		
Program:		
Shelter	694,781	657,446
Soup kitchen	437,943	417,166
Project Cornerstone	105,123	99,986
Supporting services:		
Management and general	49,072	47,538
Fundraising	173,604	163,561
	<u>1,460,523</u>	<u>1,385,697</u>
<b>TOTAL EXPENSES</b>	<u>1,460,523</u>	<u>1,385,697</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<u>117,973</u>	<u>56,195</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	1,000	-
Investment income	75,652	54,157
Net assets released from restrictions	<u>(123,410)</u>	<u>(165,684)</u>
<b>DECREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>(46,758)</u>	<u>(111,527)</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	71,215	(55,332)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>4,377,001</u>	<u>4,432,333</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 4,448,216</u>	<u>\$ 4,377,001</u>

See accompanying notes.

**SAMARITAN MINISTRIES, INC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2018

	Programs			Supporting Services		Total
	Soup Kitchen	Shelter	Project Cornerstone	Management and General	Fundraising	
Salaries, wages and benefits	\$ 288,616	\$ 414,304	\$ 86,374	\$ 39,768	\$ 113,733	\$ 942,795
Food, supplies, linen, laundry and client services	35,571	49,432	11,901	4,869	13,278	115,051
Services and professional fees	6,423	9,220	1,922	885	2,531	20,981
Office, printing and postage	7,684	11,030	2,299	1,059	3,028	25,100
Occupancy	42,741	93,067	-	659	659	137,126
Depreciation	49,055	106,815	-	756	756	157,382
Fundraising	-	-	-	-	36,688	36,688
Miscellaneous	7,853	10,913	2,627	1,076	2,931	25,400
<b>TOTAL EXPENSES</b>	<b>\$ 437,943</b>	<b>\$ 694,781</b>	<b>\$ 105,123</b>	<b>\$ 49,072</b>	<b>\$ 173,604</b>	<b>\$ 1,460,523</b>

See accompanying notes.

**SAMARITAN MINISTRIES, INC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2017

	Programs			Supporting Services		Total
	Soup Kitchen	Shelter	Project Cornerstone	Management and General	Fundraising	
Salaries, wages and benefits	\$ 282,235	\$ 402,445	\$ 84,523	\$ 39,100	\$ 110,086	\$ 918,389
Food, supplies, linen, laundry and client services	35,148	50,118	10,526	4,869	13,710	114,371
Services and professional fees	5,687	8,110	1,703	788	2,219	18,507
Office, printing and postage	7,280	10,381	2,180	1,009	2,840	23,690
Occupancy	33,779	73,552	-	521	521	108,373
Depreciation	49,519	107,824	-	764	763	158,870
Fundraising	-	-	-	-	32,050	32,050
Miscellaneous	3,518	5,016	1,054	487	1,372	11,447
<b>TOTAL EXPENSES</b>	<b>\$ 417,166</b>	<b>\$ 657,446</b>	<b>\$ 99,986</b>	<b>\$ 47,538</b>	<b>\$ 163,561</b>	<b>\$ 1,385,697</b>

**SAMARITAN MINISTRIES, INC**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in net assets	\$ 71,215	\$ (55,332)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities		
Depreciation	157,383	158,869
Realized (gain) loss on sale of investments	(42,221)	(1,662)
Unrealized (gain) loss on investments	(3,578)	(38,522)
Changes in:		
Other receivables	(3,255)	43,931
Prepaid expenses	803	(727)
Accounts payable	14,432	(8,315)
Accrued payroll	(13,219)	(7,502)
	<u>181,560</u>	<u>90,740</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>181,560</u>	<u>90,740</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(114,760)	(66,859)
Investments contributed	-	(5,028)
Proceeds from sales of investments	188,318	65,495
(Increase) decrease in beneficial interest in assets held by others	(4,405)	(22,854)
	<u>69,153</u>	<u>(29,246)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>69,153</u>	<u>(29,246)</u>



**SAMARITAN MINISTRIES, INC**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collection of contributions restricted for capital campaign	47,283	79,882
Release of cash restricted for building construction	-	1
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>47,283</u>	<u>79,883</u>
NET INCREASE (DECREASE) IN CASH	297,996	141,377
CASH AND CASH EQUIVALENTS, BEGINNING	<u>824,484</u>	<u>683,107</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,122,480</u>	<u>\$ 824,484</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Noncash stock contributions	<u>\$ 5,168</u>	<u>\$ 5,028</u>

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Samaritan Ministries (the "Organization") is a not-for-profit charitable organization established to provide physical nourishment, temporary shelter, and other basic necessities to the poor, and to increase public awareness of the needs of the poor. The Organization maintains a soup kitchen and a homeless shelter in Winston-Salem, North Carolina. The Organization is supported primarily by contributions from churches, individuals, businesses, foundations and from government grants. Approximately 3% of the Organization's total support is provided by government grants for its emergency shelter and other programs. If these grants were reduced or eliminated, the Organization's finances could be materially affected.

A summary of Samaritan Ministries' significant accounting policies follows:

Financial Statement Presentation

The Organization reports financial information regarding its financial position and activities according to three classes of net assets:

Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Organization to use or extend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Temporarily restricted net assets contain donor-imposed restrictions that permit the Organization to use or extend the assets as specified. The restrictions are satisfied either by the passage of time or by the actions of the Organization.

Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired.

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Organization considers all cash investments with a purchased maturity of three months or less to be cash equivalents.

Investments

Investments consist of publicly traded marketable securities and an agency endowment fund administered by the Winston-Salem Foundation. The Organization carries investments with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Investment securities, in general, are subject to various risks such as interest rate, credit and overall market volatility. It is reasonably possible that changes in the value of investments will occur in the near term which could materially affect the amounts reported in the financial statements. The Organization attempts to limit risk through diversification of its investments.

Promises to Give

Promises to give consist of pledges for general operations and capital acquisitions and are more specifically discussed in Note E. Balances receivable from the promises to give are substantially all due from individuals and organizations located within the same geographic area.

Grants Receivable

Grants receivable, consisting of amounts due from government and other non-government organizations and reimbursements under grant contracts, are considered by management to be fully collectible.

Property and Equipment

The Organization capitalizes expenditures for property and equipment greater than \$500. Property and equipment are recorded at cost if purchased or, if donated, at the estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated on a straight line basis over the estimated useful lives of the assets.

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Expense Allocation

The costs of providing programs have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of personnel resources devoted to the functional activities of the Organization. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

The programs of the Organization include:

Soup Kitchen provides the homeless of the community with free, nutritionally-balanced lunches throughout the week.

Shelter provides the homeless of the community with a safe, supportive environment to rest from 8 p.m. to 7:30 a.m., seven nights a week.

Project Cornerstone includes programs for long-term recovery for former substance abusers, and for free mental health clinics for the mentally-ill homeless of the community

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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, including functional allocations, during the reporting period. Actual results could differ from those estimates.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with its programs, solicitations, and various committee assignments.

Income Taxes

Samaritan Ministries is an exempt organization under Section 501(c)(3) of the United States Internal Revenue Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**SAMARITAN MINISTRIES**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

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**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

Reclassification

Certain amounts for 2017 have been reclassified where appropriate to conform with 2018 classifications.

Subsequent Events

Management has evaluated subsequent events through August 13, 2018, the date the financial statements were available to be issued.

**NOTE B – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of the following at June 30, 2018:

	2018	2017
Checking	\$ 457,619	\$ 413,667
Money market	525,698	352,190
Petty cash	300	300
Cash equivalents in investment funds	138,863	58,327
	<u>\$ 1,122,480</u>	<u>\$ 824,484</u>

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents. At June 30, 2018, the Organization had bank deposits which exceeded federally-insured limits.

**NOTE C - INVESTMENTS AND BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

Investments and beneficial interest in assets held by others are stated at fair value and consist of the following at June 30:

**SAMARITAN MINISTRIES**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

**NOTE C - INVESTMENTS AND BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS  
(CONTINUED)**

	<u>2018</u>	<u>2017</u>
Cost of securities	\$ 871,556	\$ 894,288
Unrealized gain (loss)	<u>8,551</u>	<u>9,173</u>
Fair value	<u>\$ 880,107</u>	<u>\$ 903,461</u>

Investment return is summarized as follows:

	<u>2018</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>INVESTMENTS</b>			
Investment income	\$ 2,125	\$ 29,853	\$ 31,978
Net realized gain on sales	-	42,221	42,221
Net unrealized gains	-	3,578	3,578
	<u>\$ 2,125</u>	<u>\$ 75,652</u>	<u>\$ 77,777</u>
<b>BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS</b>			
Investment income	\$ -	\$ -	\$ -
Net realized gain on sales	-	-	-
Net unrealized losses	4,972	-	4,972
	<u>\$ 4,972</u>	<u>\$ -</u>	<u>\$ 4,972</u>
<b>COMBINED</b>			
Investment income	\$ 2,125	\$ 29,853	\$ 31,978
Net realized gain on sales	-	42,221	42,221
Net unrealized gains (losses)	4,972	3,578	8,550
	<u>\$ 7,097</u>	<u>\$ 75,652</u>	<u>\$ 82,749</u>

**SAMARITAN MINISTRIES**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

**NOTE C - INVESTMENTS AND BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS  
(CONTINUED)**

	2017		
	Unrestricted	Temporarily Restricted	Total
<b>INVESTMENTS</b>			
Investment income	\$ 1,038	\$ 13,973	\$ 15,011
Net realized gain on sales	-	1,662	1,662
Net unrealized gains	-	38,522	38,522
	<u>\$ 1,038</u>	<u>\$ 54,157</u>	<u>\$ 55,195</u>
<b>BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS</b>			
Investment income	\$ 8,998	\$ -	\$ 8,998
Net realized gain on sales	-	-	-
Net unrealized losses	27,382	-	27,382
	<u>\$ 36,380</u>	<u>\$ -</u>	<u>\$ 36,380</u>
<b>COMBINED</b>			
Investment income	\$ 10,036	\$ 13,973	\$ 24,009
Net realized gain on sales	-	1,662	1,662
Net unrealized gains (losses)	27,382	38,522	65,904
	<u>\$ 37,418</u>	<u>\$ 54,157</u>	<u>\$ 91,575</u>

**NOTE D - FAIR VALUE MEASUREMENTS**

The Organization's investments, reported at fair value, have been categorized based upon a fair value hierarchy as described below.

FASB ASC 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that

**SAMARITAN MINISTRIES**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)**

asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

The fair value of financial assets and liabilities is measured according to the Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

Level 1 – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 – Fair value is determined using quoted market prices in active markets for similar assets and liabilities.

Level 3 – Fair value is determined using unobservable market prices in a market that is typically inactive.

Fair value assets measured on a recurring basis at June 30, 2018 were as follows:

	Fair Value Total	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<b>INVESTMENTS</b>				
Domestic common stocks	\$ 62,881	\$ 62,881	\$ -	\$ -
Foreign common stocks	101,472	101,472	-	-
Exchange traded funds	226,614	226,614	-	-
Mutual funds	215,060	215,060	-	-
Beneficial interest in assets held by others	274,080	-	-	274,080
	<u>\$ 880,107</u>	<u>\$ 606,027</u>	<u>\$ -</u>	<u>\$ 274,080</u>



**SAMARITAN MINISTRIES**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)**

Fair value assets measured on a recurring basis at June 30, 2017 were as follows:

	Fair Value Total	Markets for Identical Assets (Level 1)	Observable Inputs Level 2	Unobservable Inputs Level 3
<b>INVESTMENTS</b>				
Domestic common stocks	\$ 127,507	\$ 127,507	\$ -	\$ -
Foreign common stocks	94,530	94,530	-	-
Exchange traded funds	216,448	216,448	-	-
Mutual funds	195,301	195,301	-	-
Beneficial interest in assets held by others	269,675	-	-	269,675
	<u>\$ 903,461</u>	<u>\$ 633,786</u>	<u>\$ -</u>	<u>\$ 269,675</u>

The following table sets forth a summary of the changes in the fair value of the Organization's Level 3 assets for the years ended June 30, 2018 and 2017:

Beneficial Interest in Assets Held by Others	2018	2017
Balance, beginning of year	\$ 269,675	\$ 246,821
Investment return earned by trustee	17,763	36,380
Distribution to the Organization	(10,588)	(10,942)
Administrative fee	(2,770)	(2,584)
Balance, end of year	<u>\$ 274,080</u>	<u>\$ 269,675</u>

**SAMARITAN MINISTRIES**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

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**NOTE E - PROPERTY AND EQUIPMENT**

Property and equipment as of June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 101,459	\$ 101,459
Building	3,271,939	3,271,939
Office furniture and equipment	546,016	546,016
Automobile	<u>20,000</u>	<u>20,000</u>
	3,939,414	3,939,414
Accumulated depreciation	<u>(638,769)</u>	<u>(481,386)</u>
	<u><u>\$ 3,300,645</u></u>	<u><u>\$ 3,458,028</u></u>

Depreciation expense for the periods ended June 30, 2018 and 2017 amounted to \$157,383 and \$158,869 respectively.

**NOTE F - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The Winston-Salem Foundation holds and manages funds under an unrestricted trust agreement for the benefit of the Organization. The transfer is reflected as a beneficial interest in assets held by others. The Foundation provides the Organization, in December of each year, the amount of income that will be available based upon the spending policy. If the Organization does not use the entire amount, the remaining balance shall be reinvested as principal. The principal of this trust may not be granted, loaned or distributed except pursuant to the provisions of the Master Trust of the Foundation; provided, however, that upon written request by the Organization, any part of the principal may be distributed to the Organization. Investment policies for the fund are determined by the Foundation.

**SAMARITAN MINISTRIES**  
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**NOTE G - TEMPORARILY RESTRICTED NET ASSETS**

	<u>2018</u>	<u>2017</u>
Donor-managed investment accounts (principal and income maintained in investment accounts managed by donors; up to 5% of the value of the account at year end may, upon thirty days written notice from the Board of Directors, be released for operating purposes)	606,027	633,786
Donation to be applied to the 2019 Sam and Eggs event	1,000	-
Major gift donation to be paid out evenly in 2017 and 2018	-	20,000
	<u>\$ 607,027</u>	<u>\$ 653,786</u>

**NOTE H – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets released as of June 30, 2018 and 2017 due to satisfaction of a specific purpose were \$123,410 and \$165,684, respectively.

**NOTE I - CONTINGENCIES**

Certain grantors reserve the right to review expenditures and request refunds of amounts determined to be disallowed under the grant agreement. These financial statements do not reflect a liability for amounts which may be determined to be refundable, as such amounts, if any, are not readily determinable.

**NOTE J - PENSION PLAN**

Effective March 1, 2010, the Organization adopted a 403(b) plan to provide retirement benefits to its employees. Under the 403(b) plan, qualified employees may contribute a percentage of their salaries up to \$17,000. In addition, the Organization may make discretionary contributions. Pension expense totaled \$42,776 and \$14,694 for the years ended June 30, 2018 and 2017.

**SAMARITAN MINISTRIES**  
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**NOTE K – INTEREST FREE DEFERRED LOANS**

During the year ended June 30, 2015, the Organization obtained a non-amortizing, deferred, interest-free loan from the City of Winston-Salem for \$249,000 for use in the construction of its new facility. At the end of the twenty year term, the loan will be forgiven as long as the Organization maintains its ministry and non-profit status. The loan is secured by a deed of trust on the Organization's property.

In November of 2015, \$596,722 was received from another government agency in the form of a non-amortizing deferred, interest-free loan. The proceeds of this loan were used to pay off bank lines of credit obtained for the construction of the current operations facility. This loan has a term of thirty years at which time the unpaid principal shall be due in one balloon payment. The loan is secured by a deed of trust on the Organization's property.

As of June 30, 2018 and 2017, the Organization had an outstanding balance of \$845,722 in notes payable.