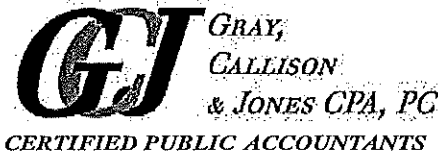

SAMARITAN MINISTRIES

Financial Statements
Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Samaritan Ministries, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 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 financial statements referred to above present fairly, in all material respects, the financial position of Samaritan Ministries as of June 30, 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Samaritan Ministries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Samaritan Ministries as of June 30, 2021 and 2020, were audited by other auditors whose report dated November 15, 2021 expressed an unmodified opinion on those statements.

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 Samaritan Ministries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

SAMARITAN MINISTRIES
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	2022	2021
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,460,039	\$ 1,988,367
Restricted cash and cash equivalents	56,552	48,129
Accounts receivable	23,705	26,585
Refundable sales tax	5,238	7,305
Prepaid expenses	21,936	19,308
TOTAL CURRENT ASSETS	1,567,470	2,089,694
NONCURRENT ASSETS		
Property and equipment, net	2,865,233	2,978,825
Investments	1,391,397	838,723
Beneficial interest in assets held by others	630,515	622,318
TOTAL NONCURRENT ASSETS	4,887,145	4,439,866
TOTAL ASSETS	\$ 6,454,615	\$ 6,529,560
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 13,953	\$ 3,648
Accrued payroll and pension	29,656	28,378
Deferred revenue	4,500	4,200
TOTAL CURRENT LIABILITIES	48,109	36,226
NON-CURRENT LIABILITIES		
Notes payable	845,722	845,722
TOTAL LIABILITIES	893,831	881,948
NET ASSETS		
Without donor restrictions:		
Net assets invested in property and equipment	2,019,511	2,133,103
Undesignated	3,135,422	3,198,203
With donor restrictions	405,851	316,306
	5,560,784	5,647,612
TOTAL LIABILITIES AND NET ASSETS	\$ 6,454,615	\$ 6,529,560

See Independent Auditors' Report and Notes to the Financial Statements.

SAMARITAN MINISTRIES
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Program Services				Management and General	Fundraising	Total
	Shelter	Soup Kitchen	Project Cornerstone	Total Programs			
Salaries, wages and benefits	\$ 648,163	\$ 302,747	\$ 85,521	\$ 1,036,431	\$ 25,801	\$ 121,287	\$ 1,183,519
Food, supplies, linen, laundry and client services	65,365	30,531	8,625	104,521	2,602	12,231	119,354
Services and professional fees	18,765	8,766	2,476	30,007	747	3,511	34,265
Office, printing and postage	14,800	6,914	1,953	23,667	589	2,770	27,026
Occupancy	113,178	51,978	1,794	166,950	800	800	168,550
Depreciation	81,289	37,333	-	118,622	575	575	119,772
Fundraising	-	-	-	-	-	69,780	69,780
Miscellaneous	2,811	1,312	371	4,494	112	526	5,132
	<u>\$ 944,371</u>	<u>\$ 439,581</u>	<u>\$ 100,740</u>	<u>\$ 1,484,692</u>	<u>\$ 31,226</u>	<u>\$ 211,480</u>	<u>\$ 1,727,398</u>

See Independent Auditors' Report and Notes to the Financial Statements.

SAMARITAN MINISTRIES
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (86,828)	\$ 809,351
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
PPP note payable forgiven	-	(193,031)
Depreciation	119,772	116,855
Realized (gain) loss on sale of investments	(28,001)	(11,341)
Unrealized (gain) loss on investments	398,640	(373,546)
Changes in:		
Accounts receivable	2,880	(26,585)
Sales tax receivable	2,067	(2,999)
Prepaid expenses	(2,628)	2,418
Accounts payable	10,305	3,297
Accrued payroll and pension	1,278	(6,644)
Deferred income	300	(2,590)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>417,785</u>	<u>315,185</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(6,181)	(39,721)
Purchase of investments	(1,128,057)	(82,553)
Proceeds from sales of investments	179,343	71,927
Grants received from beneficial interest in assets held by others	10,536	10,588
(Increase) decrease in beneficial interest in assets held by others	6,669	(7,567)
NET CASH USED BY INVESTING ACTIVITIES	<u>(937,690)</u>	<u>(47,326)</u>
NET INCREASE (DECREASE) IN CASH	(519,905)	267,859
CASH, BEGINNING OF YEAR	<u>2,036,496</u>	<u>1,768,637</u>
CASH, END OF YEAR	<u>\$ 1,516,591</u>	<u>\$ 2,036,496</u>
Cash and cash equivalents without restrictions	\$ 1,460,039	\$ 1,988,367
Cash and cash equivalents with restrictions	56,552	48,129
Total cash and cash equivalents	<u>\$ 1,516,591</u>	<u>\$ 2,036,496</u>

See Independent Auditors' Report and Notes to the Financial Statements.

SAMARITAN MINISTRIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

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

Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

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 two agency endowment funds 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.

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 support without donor restrictions 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 support with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets.

Functional Allocation of Expenses

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.

SAMARITAN MINISTRIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

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:

	<u>2022</u>	<u>2021</u>
Cost of securities	\$ 2,098,787	\$ 1,064,265
Unrealized gain (loss)	<u>(76,875)</u>	<u>396,776</u>
Fair value	<u>\$ 2,021,912</u>	<u>\$ 1,461,041</u>

The fair value is stated on the balance sheet as follows for the years ending June 30:

	<u>2022</u>	<u>2021</u>
Investments	\$ 1,391,397	\$ 838,723
Beneficial interest in assets held by others	<u>630,515</u>	<u>622,318</u>
Fair value	<u>\$ 2,021,912</u>	<u>\$ 1,461,041</u>

Investment return is summarized as follows:

	<u>2022</u>		
	<u>Not Donor Restricted</u>	<u>Donor Restricted</u>	<u>Total</u>
INVESTMENTS			
Investment income	\$ 32,225	\$ -	\$ 32,225
Investment fees	(11,311)	-	(11,311)
Realized gains	28,001	-	28,001
Net unrealized loss	<u>(303,735)</u>	<u>-</u>	<u>(303,735)</u>
	<u>\$ (254,820)</u>	<u>\$ -</u>	<u>\$ (254,820)</u>
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS			
Investment income	\$ 21,672	\$ 24,234	\$ 45,906
Investment fees	(3,042)	(3,424)	(6,466)
Net unrealized loss	<u>(42,268)</u>	<u>(52,637)</u>	<u>(94,905)</u>
	<u>\$ (23,638)</u>	<u>\$ (31,827)</u>	<u>\$ (55,465)</u>
COMBINED			
Investment income	\$ 53,897	\$ 24,234	\$ 78,131
Investment fees	(14,353)	(3,424)	(17,777)
Realized gains	28,001	-	28,001
Net unrealized loss	<u>(346,003)</u>	<u>(52,637)</u>	<u>(398,640)</u>
	<u>\$ (278,458)</u>	<u>\$ (31,827)</u>	<u>\$ (310,285)</u>

SAMARITAN MINISTRIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE D – FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value assets measured on a recurring basis at June 30, 2022 were as follows:

	Fair Value	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
INVESTMENTS				
Stocks	\$ 89,839	\$ 89,839	\$ -	\$ -
Exchange traded funds	909,787	909,787	-	-
Mutual funds	391,771	391,771	-	-
Beneficial interest in assets held by others	630,515	-	-	630,515
	<u>\$ 2,021,912</u>	<u>\$ 1,391,397</u>	<u>\$ -</u>	<u>\$ 630,515</u>

Fair value assets measured on a recurring basis at June 30, 2021 were as follows:

	Fair Value	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
INVESTMENTS				
Stocks	\$ 246,933	\$ 246,933	\$ -	\$ -
Exchange traded funds	172,293	172,293	-	-
Mutual funds	419,497	419,497	-	-
Beneficial interest in assets held by others	622,318	-	-	622,318
	<u>\$ 1,461,041</u>	<u>\$ 838,723</u>	<u>\$ -</u>	<u>\$ 622,318</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, 2022 and 2021:

	2022	2021
Beneficial Interest in Assets Held by Others		
Balance, beginning of year	\$ 622,318	\$ 400,884
Contributions	74,198	93,200
Investment return earned by trustee	(49,000)	143,754
Distribution to Organization	(10,536)	(10,588)
Administrative fee	(6,465)	(4,932)
	<u>\$ 630,515</u>	<u>\$ 622,318</u>

SAMARITAN MINISTRIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and periods as of June 30:

	2022	2021
Donor-restricted gift with principal required to be maintained in perpetuity for Cornerstone Project	\$ 358,677	\$ 316,306
Donor-restricted grant for certain capital improvements	47,174	-
Total net assets with donor restrictions	\$ 405,851	\$ 316,306

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 \$36,373 and \$32,520 for the years ended June 30, 2022 and 2021, respectively.

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, 2022 and 2021, the Organization had an outstanding balance of \$845,722 in notes payable.

NOTE L: PAYCHECK PROTECTION PROGRAM (PPP) NOTE PAYABLE

The Organization received a loan of \$193,031 in April 2020 under the Paycheck Protection Program (PPP) to provide immediate assistance due to the COVID-19 emergency. The loan was approved for forgiveness on December 23, 2020 and the amount of the grant has been recognized as other operating income for the year ended June 30, 2021.

NOTE M: SUBSEQUENT EVENTS

Management assessed possible subsequent events as August 29, 2022, which was the date these financial statements were available for issuance.