
SAMARITAN MINISTRIES

Financial Statements
Years Ended June 30, 2025 and 2024

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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, 2025 and 2024 and the related statements of activities, functional expenses, and cash flows for the years 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, 2025 and 2024, 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.

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.

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.

Auditors' 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 generally accepted 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 generally accepted 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 Samaritan Ministries' 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 Samaritan Ministries' 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.

Gray, Callison + Jones CPA, PC

Winston-Salem, NC
December 10, 2025

SAMARITAN MINISTRIES
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,124,742	\$ 954,066
Restricted cash and cash equivalents - NCHFA	84,130	74,660
Accounts receivable	-	4,427
Refundable sales tax	8,042	8,797
Prepaid expenses	<u>5,262</u>	<u>4,622</u>
TOTAL CURRENT ASSETS	<u>1,222,176</u>	<u>1,046,572</u>
NONCURRENT ASSETS		
Property and equipment, net	2,692,831	2,673,385
Investments	3,734,378	3,470,428
Beneficial interest in assets held by others	<u>1,289,668</u>	<u>917,574</u>
TOTAL NONCURRENT ASSETS	<u>7,716,877</u>	<u>7,061,387</u>
TOTAL ASSETS	<u><u>\$ 8,939,053</u></u>	<u><u>\$ 8,107,959</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 24,381	\$ 24,541
Accrued payroll and pension	49,865	43,948
Deferred revenue	<u>5,000</u>	<u>10,500</u>
TOTAL CURRENT LIABILITIES	<u>79,246</u>	<u>78,989</u>
NON-CURRENT LIABILITIES		
Notes payable	<u>845,722</u>	<u>845,722</u>
TOTAL LIABILITIES	<u>924,968</u>	<u>924,711</u>
NET ASSETS		
Without donor restrictions:		
Net assets invested in property and equipment	1,847,109	1,827,663
Undesignated	5,166,419	4,704,526
With donor restrictions	<u>1,000,557</u>	<u>651,059</u>
	<u>8,014,085</u>	<u>7,183,248</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 8,939,053</u></u>	<u><u>\$ 8,107,959</u></u>

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

SAMARITAN MINISTRIES
STATEMENTS OF ACTIVITY
For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS						
SUPPORT AND REVENUE						
Churches and individuals	\$ 1,205,487	\$ -	\$ 1,205,487	\$ 969,824	\$ -	\$ 969,824
Government grants	90,989	-	90,989	99,534	-	99,534
Businesses, foundations and other	261,851	-	261,851	305,788	-	305,788
Estate bequests	2,000	-	2,000	293,376	-	293,376
Fundraisers	426,611	-	426,611	395,227	-	395,227
Interest income	31,380	-	31,380	36,048	-	36,048
Myrtie Davis Endowment	-	600	600	-	100,685	100,685
Kurosky Cornerstone endowment	-	400,300	400,300	-	2,000	2,000
	2,018,318	400,900	2,419,218	2,099,797	102,685	2,202,482
Net assets released from restrictions	107,484	(107,484)	-	9,916	(9,916)	-
TOTAL SUPPORT AND REVENUE	2,125,802	293,416	2,419,218	2,109,713	92,769	2,202,482
EXPENSES						
Program:						
Shelter	1,191,786	-	1,191,786	1,053,489	-	1,053,489
Soup Kitchen	443,613	-	443,613	471,756	-	471,756
Project Cornerstone	96,876	-	96,876	103,315	-	103,315
TOTAL PROGRAM EXPENSES	1,732,275	-	1,732,275	1,628,560	-	1,628,560
Supporting services:						
Management and general	55,875	-	55,875	37,092	-	37,092
Fundraising	290,735	-	290,735	244,783	-	244,783
TOTAL EXPENSES	2,078,885	-	2,078,885	1,910,435	-	1,910,435
INCOME FROM OPERATIONS	46,917	293,416	340,333	199,278	92,769	292,047
OTHER INCOME						
Investment income	434,422	56,082	490,504	389,106	48,318	437,424
TOTAL OTHER INCOME	434,422	56,082	490,504	389,106	48,318	437,424
INCREASE IN NET ASSETS	481,339	349,498	830,837	588,384	141,087	729,471
NET ASSETS AT BEGINNING OF YEAR	6,532,189	651,059	7,183,248	5,943,805	509,972	6,453,777
NET ASSETS AT END OF YEAR	\$ 7,013,528	\$ 1,000,557	\$ 8,014,085	\$ 6,532,189	\$ 651,059	\$ 7,183,248

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

SAMARITAN MINISTRIES
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2025

	Program Services				Management and General	Fundraising	Total
	Shelter	Soup Kitchen	Project Cornerstone	Total Programs			
Salaries, wages and benefits	\$ 829,948	\$ 291,936	\$ 81,892	\$ 1,203,776	\$ 46,683	\$ 188,674	\$ 1,439,133
Food, supplies, linen, laundry and client services	70,564	24,821	6,963	102,348	3,969	16,041	122,358
Services and professional fees	39,805	14,002	3,928	57,735	2,239	9,049	69,023
Office, printing and postage	19,807	6,967	1,954	28,728	1,114	4,503	34,345
Occupancy	141,278	64,883	1,673	207,834	999	999	209,832
Depreciation	85,666	39,343	-	125,009	606	606	126,221
Fundraising	-	-	-	-	-	69,790	69,790
Miscellaneous	4,718	1,661	466	6,845	265	1,073	8,183
	<u>\$ 1,191,786</u>	<u>\$ 443,613</u>	<u>\$ 96,876</u>	<u>\$ 1,732,275</u>	<u>\$ 55,875</u>	<u>\$ 290,735</u>	<u>\$ 2,078,885</u>

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

SAMARITAN MINISTRIES
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024

	Program Services				Management and General	Fundraising	Total
	Shelter	Soup Kitchen	Project Cornerstone	Total Programs			
Salaries, wages and benefits	\$ 723,022	\$ 321,705	\$ 86,829	\$ 1,131,556	\$ 30,534	\$ 148,363	\$ 1,310,453
Food, supplies, linen, laundry and client services	66,932	29,781	8,038	104,751	2,827	13,734	121,312
Services and professional fees	31,009	13,797	3,724	48,530	1,310	6,363	56,203
Office, printing and postage	17,567	7,816	2,110	27,493	742	3,605	31,840
Occupancy	125,370	57,578	2,068	185,016	887	887	186,790
Depreciation	85,038	39,056	-	124,094	601	601	125,296
Fundraising	-	-	-	-	-	70,296	70,296
Miscellaneous	4,551	2,023	546	7,120	191	934	8,245
	<u>\$ 1,053,489</u>	<u>\$ 471,756</u>	<u>\$ 103,315</u>	<u>\$ 1,628,560</u>	<u>\$ 37,092</u>	<u>\$ 244,783</u>	<u>\$ 1,910,435</u>

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

SAMARITAN MINISTRIES
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 830,837	\$ 729,471
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	126,221	125,296
Realized gain on sale of investments	(398)	(10,012)
Unrealized gain on investments	(345,572)	(376,411)
Changes in:		
Accounts receivable	4,427	5,419
Sales tax receivable	755	(3,564)
Prepaid expenses	(640)	17,054
Accounts payable	(160)	21,909
Accrued payroll and pension	5,917	8,912
Deferred income	(5,500)	1,500
	<u>615,887</u>	<u>519,574</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(145,667)	(32,207)
Purchase of investments	(406,600)	(2,482,985)
Proceeds from sales of investments	25,196	1,868,269
Grants received from beneficial interest in assets held by others	121,532	11,194
Decrease in beneficial interest in assets held by others	(30,202)	(113,880)
	<u>(435,741)</u>	<u>(749,609)</u>
NET CASH USED BY INVESTING ACTIVITIES		
NET DECREASE IN CASH	180,146	(230,035)
CASH, BEGINNING OF YEAR	<u>1,028,726</u>	<u>1,258,761</u>
CASH, END OF YEAR	<u>\$ 1,208,872</u>	<u>\$ 1,028,726</u>
Cash and cash equivalents without restrictions	\$ 1,124,742	\$ 954,066
Cash and cash equivalents with restrictions	<u>84,130</u>	<u>74,660</u>
Total cash and cash equivalents	<u>\$ 1,208,872</u>	<u>\$ 1,028,726</u>

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

SAMARITAN MINISTRIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

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 government grants.

A summary of Samaritan Ministries' significant accounting policies are as follows:

Financial Statement Presentation

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

Net assets without donor restrictions are not restricted by donors, or the donor-imposed restrictions have expired

Net assets with donor restrictions contain donor-imposed restrictions as follows:

- Contain donor-imposed restrictions that permit the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Organization.
- Contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

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.

SAMARITAN MINISTRIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

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

Investments

Investments consist of publicly traded marketable securities and three 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. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. 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.

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. Expenses are allocated based on management estimates of time and usage 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 anyone in need with free, nutritionally-balanced lunches, seven days a week.

Shelter provides homeless men with a safe, supportive environment to rest 24 hours a day, seven days and nights a week.

Project Cornerstone provides a long-term recovery program for homeless men.

Concentrations of Credit Risk

The Organization has concentrated its credit risk for cash by maintaining certain deposits in First Horizon Bank. At June 30, 2025, the excess of deposit liabilities reported by First Horizon Bank over the amounts that would have been covered by federal deposit insurance totaled \$762,452. The federal deposit insurance coverage is \$250,000 per institution.

SAMARITAN MINISTRIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

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

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, other assets, an unconditional promise to give is received, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Donated Services

Contributions of noncash assets, such as food, supplies, or equipment, are recorded at their estimated fair value at the date of donation. Donated services are recognized if the services create or enhance nonfinancial assets or require specialized skills that would typically need to be purchased if not provided by donation. No amounts have been reflected in the financial statements for donated services due to immateriality. 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. Management has evaluated its tax positions and 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.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2021 through 2024 remain subject to examination by the IRS.

NOTE B: LIQUIDITY

The Organization regularly monitors liquidity to meet operating needs and general expenditures within one year. The Organization has various sources of liquid resources at its disposal, which includes cash and cash equivalents and investments.

The Organization's financial assets available within one year of the date of the statement of assets, liabilities, and net assets for general expenditures are as follows for the year ended June 30:

	2025	2024
Total assets at year end	\$ 8,939,053	\$ 8,107,959
Less:		
Prepaid expenses	(5,262)	(4,622)
Property and equipment, net	(2,692,831)	(2,673,385)
Donor restricted net assets	(1,000,557)	(651,059)
Financial assets available at year end for general expenditures	<u>\$ 5,240,403</u>	<u>\$ 4,778,893</u>

As part of its liquidity management plan, the Organization maintains an internally designated liquidity reserve, governed by the Finance Committee and managed by the Executive Director and Finance Manager. As of June 30, 2025, the liquidity reserve totals \$858,750 and is comprised of a maintenance reserve and an operating reserve equal to three months of operating expenses.

The liquidity reserve is recalculated annually based on the Organization's approved budget, and the maintenance reserve component is updated every three years to reflect long-term facility and equipment needs. The Finance Committee reviews and approves the maintenance reserve calculation at least once every three years.

SAMARITAN MINISTRIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE B: LIQUIDITY (CONTINUED)

The reserve is intended to provide for monthly cash flow fluctuations, maintenance expenditures above budget, negative variances from budgeted income and expenses, and short-term emergencies. The operating reserve is allocated to ongoing operations, while the maintenance reserve is allocated to the maintenance and functionality of critical physical plant operations. At least 50% of the reserve is maintained in assets fully accessible within five business days, with cash comprising no less than 25% of the reserve.

Access to the liquidity reserve requires approval from the Finance Committee, and use of the reserve is limited to the purposes outlined above. The reserve is not subject to donor restrictions and is available to meet general expenditures and operational needs within one year of the statement of financial position date.

Cash in excess of daily requirements is invested in short-term investments. Management monitors cash flows monthly and maintains regular communication with donors and grantors to support operational continuity.

NOTE C: CASH AND CASH EQUIVALENTS

The NCHFA savings account is restricted as a replacement reserve based on square footage of the facility with a 4% increase each year to assure the availability of funds for extraordinary repairs and replacement of capital equipment and structural systems used at Samaritan Ministries' shelter.

NOTE D: 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>2025</u>	<u>2024</u>
Cost of securities	\$ 4,655,362	\$ 4,055,001
Unrealized gain	<u>368,684</u>	<u>333,001</u>
Fair value	<u><u>\$ 5,024,046</u></u>	<u><u>\$ 4,388,002</u></u>

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

	<u>2025</u>	<u>2024</u>
Investments	\$ 3,734,378	\$ 3,470,428
Beneficial interest in assets held by others	<u>1,289,668</u>	<u>917,574</u>
Fair value	<u><u>\$ 5,024,046</u></u>	<u><u>\$ 4,388,002</u></u>

SAMARITAN MINISTRIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE D: INVESTMENTS AND BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (CONTINUED)

Investment return is summarized as follows:

	2025		
	Not Donor Restricted	Donor Restricted	Total
INVESTMENTS			
Investment income	\$ 103,746	\$ -	\$ 103,746
Investment fees	(27,779)	-	(27,779)
Realized gains	398	-	398
Net unrealized gains	282,748	-	282,748
	<u>\$ 359,113</u>	<u>\$ -</u>	<u>\$ 359,113</u>
 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS			
Investment income	\$ 14,302	\$ 26,486	\$ 40,788
Investment fees	(4,091)	(6,796)	(10,887)
Net unrealized gains	26,432	36,392	62,824
	<u>\$ 36,643</u>	<u>\$ 56,082</u>	<u>\$ 92,725</u>
 COMBINED			
Investment income	\$ 118,048	\$ 26,486	\$ 144,534
Investment fees	(31,870)	(6,796)	(38,666)
Realized gains	398	-	398
Net unrealized gains	309,180	36,392	345,572
	<u>\$ 395,756</u>	<u>\$ 56,082</u>	<u>\$ 451,838</u>

SAMARITAN MINISTRIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE D: INVESTMENTS AND BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (CONTINUED)

	2024		
	Not Donor Restricted	Donor Restricted	Total
INVESTMENTS			
Investment income	\$ 95,836	\$ -	\$ 95,836
Investment fees	(23,496)	-	(23,496)
Realized gains	10,012	-	10,012
Net unrealized gains	247,284	-	247,284
	<u>\$ 329,636</u>	<u>\$ -</u>	<u>\$ 329,636</u>
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS			
Investment income	\$ 7,606	\$ 12,927	\$ 20,533
Investment fees	(2,865)	(4,864)	(7,729)
Net unrealized gains	23,504	40,255	63,759
	<u>\$ 28,245</u>	<u>\$ 48,318</u>	<u>\$ 76,563</u>
COMBINED			
Investment income	\$ 103,442	\$ 12,927	\$ 116,369
Investment fees	(26,361)	(4,864)	(31,225)
Realized gains	10,012	-	10,012
Net unrealized losses	270,788	40,255	311,043
	<u>\$ 357,881</u>	<u>\$ 48,318</u>	<u>\$ 406,199</u>

NOTE E: 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 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.

SAMARITAN MINISTRIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE E: FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value assets measured on a recurring basis at June 30, 2025 were as follows:

	Fair Value	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
INVESTMENTS				
Stocks	\$ -	\$ -	\$ -	\$ -
Exchange traded funds	3,076,570	3,076,570	-	-
Mutual funds	657,808	657,808	-	-
Beneficial interest in assets held by others	1,289,668	-	-	1,289,668
	<u>\$ 5,024,046</u>	<u>\$ 3,734,378</u>	<u>\$ -</u>	<u>\$ 1,289,668</u>

Fair value assets measured on a recurring basis at June 30, 2024 were as follows:

	Fair Value	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
INVESTMENTS				
Stocks	\$ 7,966	\$ 7,966	\$ -	\$ -
Exchange traded funds	2,858,251	2,858,251	-	-
Mutual funds	604,211	604,211	-	-
US Treasury Bills	-	-	-	-
Beneficial interest in assets held by others	917,574	-	-	917,574
	<u>\$ 4,388,002</u>	<u>\$ 3,470,428</u>	<u>\$ -</u>	<u>\$ 917,574</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, 2025 and 2024:

	2025	2024
Beneficial Interest in Assets Held by Others		
Balance, beginning of year	\$ 917,574	\$ 749,520
Contributions	400,900	102,685
Investment return earned by trustee	103,613	84,292
Distribution to Organization	(121,532)	(11,194)
Administrative fee	(10,887)	(7,729)
	<u>\$ 1,289,668</u>	<u>\$ 917,574</u>

SAMARITAN MINISTRIES
NOTES TO FINANCIAL STATEMENTS
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NOTE F: PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	2025	2024
Land	\$ 101,459	\$ 101,459
Building	3,375,859	3,292,279
Office furniture and equipment	632,582	570,495
Automobile	24,315	24,315
	4,134,215	3,988,548
Accumulated depreciation	(1,441,384)	(1,315,163)
	<u>\$ 2,692,831</u>	<u>\$ 2,673,385</u>

Depreciation expense for the periods ended June 30, 2025 and 2024, were \$126,221 and \$125,296, respectively.

NOTE G: 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.

The Winston-Salem Foundation also manages funds under a restricted trust agreement for the Organization's benefit. The Kurosky Cornerstone Endowment is a permanent fund, with income used to support Project Cornerstone, a long-term care recovery program for former substance abusers. If Project Cornerstone ceases or if the income is needed for other programs or operations, the Board of Directors may allocate the income. The principal is maintained in perpetuity and cannot be distributed except under the Master Trust provisions.

The Myrtie Davis Endowment is also a permanent fund, with income supporting general operations of the Organization. The principal is maintained in perpetuity and may only be distributed with approval from The Winston-Salem Foundation Committee.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as net assets with donor restrictions (permanent) (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the donor.

The Organization's spending policy is to appropriate for expenditure each year a portion of endowment investment income as determined by the Winston-Salem Foundation's spending rate. The Organization's spending policy currently allows for annual distributions up to 5% of the fund's average market value over the preceding three years. The objective of the endowment is to maintain the purchasing power of the funds while providing a predictable stream of funding to support current operations. There were no underwater endowments at June 30, 2025 and 2024.

SAMARITAN MINISTRIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE G: BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (CONTINUED)

Changes in endowment net assets for the years ended June 30, 2025 and 2024 are as follows:

	2025		
	Not Donor Restricted	Donor Restricted	Donor Restricted
Beginning Balance	\$ 298,053	\$ 619,521	\$ 917,574
Contributions	-	400,900	400,900
Investment return, net of fees	36,683	56,043	92,726
Appropriation for expenditure / distributions	(17,168)	(104,364)	(121,532)
Total Endowment Funds	<u>\$ 317,568</u>	<u>\$ 972,100</u>	<u>\$ 1,289,668</u>

	2024		
	Not Donor Restricted	Donor Restricted	Donor Restricted
Beginning Balance	\$ 281,002	\$ 468,518	\$ 749,520
Contributions	-	102,685	102,685
Investment return, net of fees	28,245	48,318	76,563
Appropriation for expenditure / distributions	(11,194)	-	(11,194)
Total Endowment Funds	<u>\$ 298,053</u>	<u>\$ 619,521</u>	<u>\$ 917,574</u>

NOTE H: NET ASSETS WITH DONOR RESTRICTIONS

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

	2025	2024
Kurosky Cornerstone Endowment – Principal maintained in perpetuity; investment income supports Cornerstone Project	\$ 870,751	\$ 518,772
Myrtie Davis Endowment – Principal maintained in perpetuity; investment income supports general operations	101,388	100,749
Donor-restricted grant for certain capital improvements	<u>28,418</u>	<u>31,538</u>
Total net assets with donor restrictions	<u>\$ 1,000,557</u>	<u>\$ 651,059</u>

SAMARITAN MINISTRIES
NOTES TO FINANCIAL STATEMENTS
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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. The Organization has no material legal or lease commitments as of year-end.

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 \$28,720 and \$36,137 for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, the Organization had an outstanding balance of \$845,722 in notes payable.

NOTE L: RELATED PARTY TRANSACTIONS

During the years ended June 30, 2025 and 2024, the Organization had no related party transactions requiring disclosure under accounting principles generally accepted in the United States of America. No members of management or the Board of Directors received compensation, loans, or other benefits outside of their normal roles, and there were no business transactions with related parties during the reporting periods.

NOTE M: SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 10, 2025, the date these financial statements were available to be issued, and determined that no material events occurred requiring adjustment to or disclosure in the financial statements.