

Good Samaritan Services

Financial Statements
Year Ended June 30, 2022



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GOOD SAMARITAN SERVICES

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INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
Good Samaritan Services
Phoenixville, Pennsylvania**

Opinion

We have audited the accompanying financial statements of Good Samaritan Services (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 Good Samaritan Services 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General. 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 Good Samaritan Services 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.

Responsibility of Management 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, 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 Good Samaritan Services' ability to continue as a going concern within one year after the date that the financial statements are 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 auditing standards generally accepted in the United States of America 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 to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgement 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 of the effectiveness of Good Samaritan Services' 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 Good Samaritan Services' 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.

Report on Summarized Comparative Information

We have previously audited Good Samaritan Services' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2022, on our consideration of Good Samaritan Services' internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Good Samaritan Services' internal control over financial reporting and compliance.

BBD, LLP

**Philadelphia, Pennsylvania
September 12, 2022**

GOOD SAMARITAN SERVICES

STATEMENT OF FINANCIAL POSITION

June 30, 2022 with comparative totals for 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 778,104	\$ 343,208
Accounts receivable		
Contributions	4,638	741
Government grants	6,917	4,710
Client service income	-	11,802
Investments	1,233,952	1,522,728
Prepaid expenses and other	10,894	6,375
Property and equipment, net	<u>2,816,030</u>	<u>2,437,598</u>
Total assets	<u>\$4,850,535</u>	<u>\$4,327,162</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 276,483	\$ 89,873
Notes payable	<u>978,822</u>	<u>1,031,837</u>
Total net liabilities	<u>1,255,305</u>	<u>1,121,710</u>
 NET ASSETS		
Without donor restrictions	2,001,497	1,619,105
With donor restrictions	<u>1,593,733</u>	<u>1,586,347</u>
Total net assets	<u>3,595,230</u>	<u>3,205,452</u>
Total liabilities and net assets	<u>\$4,850,535</u>	<u>\$4,327,162</u>

See accompanying notes

GOOD SAMARITAN SERVICES

STATEMENT OF ACTIVITIES

Year ended June 30, 2022 with comparative totals for 2021

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
REVENUE AND SUPPORT				
Contributions	\$1,529,105	\$ 410,220	\$1,939,325	\$1,444,083
Contributions in-kind	655,018	-	655,018	290,349
Government grants	68,000	-	68,000	92,381
Client service income	158,887	-	158,887	165,053
Special events, net of expenses of \$49,464 in 2022 and \$42,460 in 2021	150,885	-	150,885	115,483
Investment income (loss)	-	(212,375)	(212,375)	311,629
Other income	2,251	-	2,251	241
Net assets released from restrictions	190,459	(190,459)	-	-
Total revenue and support	<u>2,754,605</u>	<u>7,386</u>	<u>2,761,991</u>	<u>2,419,219</u>
EXPENSES				
Program services				
Housing	1,925,854	-	1,925,854	1,700,524
General and administrative	163,395	-	163,395	143,517
Fundraising	282,964	-	282,964	220,602
Total expenses	<u>2,372,213</u>	<u>-</u>	<u>2,372,213</u>	<u>2,064,643</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	<u>382,392</u>	<u>7,386</u>	<u>389,778</u>	<u>354,576</u>
OTHER CHANGES				
Forgiveness of debt	-	-	-	282,563
Gain on disposal of property and equipment	-	-	-	50,000
Total other changes	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,563</u>
CHANGE IN NET ASSETS	382,392	7,386	389,778	687,139
NET ASSETS				
Beginning of year	<u>1,619,105</u>	<u>1,586,347</u>	<u>3,205,452</u>	<u>2,518,313</u>
End of year	<u>\$2,001,497</u>	<u>\$1,593,733</u>	<u>\$3,595,230</u>	<u>\$3,205,452</u>

See accompanying notes

GOOD SAMARITAN SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2022 with comparative totals for 2021

	<u>Housing</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Totals</u>	
				<u>2022</u>	<u>2021</u>
Salaries	\$ 793,412	\$ 80,796	145,988	\$1,020,196	\$ 897,689
Employee benefits	97,870	10,309	18,628	126,807	95,751
Payroll taxes	66,561	7,011	12,669	86,241	74,713
Bad debt expense	-	-	-	-	2,855
Bank fees	5,200	918	-	6,118	242
Depreciation	107,412	1,644	548	109,604	104,627
Dues and subscriptions	-	1,963	1,963	3,926	5,884
Insurance	54,097	3,635	6,870	64,602	56,888
Interest expense	42,679	-	-	42,679	39,705
Miscellaneous	27,622	22,983	27,985	78,590	43,819
Postage and shipping	-	1,904	4,442	6,346	6,287
Printing	-	-	37,725	37,725	26,202
Professional fees	25,176	14,807	19,359	59,342	54,535
Program expense	455,012	-	-	455,012	435,128
Real estate taxes	2,968	-	-	2,968	4,652
Rent expense	-	-	-	-	1,083
Repairs and maintenance	84,533	6,354	1,589	92,476	63,023
Supplies	9,282	7,181	1,051	17,514	16,194
Telephone	47,490	989	989	49,468	43,408
Travel	14,111	1,486	2,686	18,283	10,175
Utilities	92,429	1,415	472	94,316	81,783
Total expenses	<u>\$1,925,854</u>	<u>\$163,395</u>	<u>\$282,964</u>	<u>\$2,372,213</u>	<u>\$2,064,643</u>

See accompanying notes

GOOD SAMARITAN SERVICES

STATEMENT OF CASH FLOWS

Year ended June 30, 2022 with comparative totals for 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 389,778	\$ 687,139
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Bad debt expense	-	2,855
Depreciation	109,604	104,627
Contribution of property and equipment	(366,368)	(18,500)
Forgiveness of debt	-	(282,563)
Gain on sale of property and equipment	-	(50,000)
Net realized and unrealized (gain) loss on investments	283,282	(273,920)
(Increase) decrease in assets		
Accounts receivable	5,698	(10,568)
Prepaid expenses and other	(4,519)	2,450
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	186,610	25,553
Net cash provided by operating activities	<u>604,085</u>	<u>187,073</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	309,095	1,535,516
Purchases of investments	(303,601)	(1,512,332)
Purchase of property and equipment	(121,668)	(518,015)
Proceeds from sale of property and equipment	-	50,000
Net cash used for investing activities	<u>(116,174)</u>	<u>(444,831)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of notes payable	-	280,000
Repayment of notes payable	(53,015)	(37,155)
Net cash provided by (used for) financing activities	<u>(53,015)</u>	<u>242,845</u>
Net change in cash	434,896	(14,913)
CASH		
Beginning of year	<u>343,208</u>	<u>358,121</u>
End of year	<u>\$ 778,104</u>	<u>\$ 343,208</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest expense	<u>\$ 42,679</u>	<u>\$ 39,705</u>
NONCASH INVESTING ACTIVITY		
Contribution of property and equipment	<u>\$ 366,368</u>	<u>\$ 18,500</u>

See accompanying notes

GOOD SAMARITAN SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

(1) NATURE OF OPERATIONS

Good Samaritan Services ("**Good Sam**") is a Pennsylvania nonprofit organization created in 1999. Good Sam provides a full continuum of care to individuals and families experiencing homelessness or are at-risk of becoming homeless in Lancaster and Chester Counties. Responding with compassion to the challenges of poverty-related needs across Lancaster and Chester Counties, Good Sam takes a customized approach to helping men, women, and children overcome homelessness and hardships. Good Sam serves up to 250 people a day; providing a flexible spectrum of services ranging from emergency shelter to eviction prevention, along with financial empowerment programs, professional mental health counseling, and compassionate case management support to help people get back on their feet in a sustainable way. Good Sam owns 15 properties, totaling over 100 beds and over 35,000 square feet, which are used to provide emergency shelter, transitional housing, affordable housing and case management services to our participants. We strive to create homes and work environments that make our participants feel valued and dignified.

In addition to the properties we own, which are used for shelter and housing, Good Sam assists up to 48 individuals and families every day by helping them avoid eviction or stabilize in their own housing.

An individual or family can enter a Good Sam program at any point in the continuum we offer: emergency shelter, transitional housing, affordable housing, or receipt of additional support to remain in their own housing. Good Sam's 10 full-time case workers are equipped to meet people wherever they are on their journey towards stability.

Good Sam provides the following housing programs:

Emergency Housing

Good Sam maintains emergency shelters in Phoenixville, Kennett Square, and Ephrata, which serve people coming from anywhere within Lancaster and Chester Counties. The shelter facilities in Phoenixville provide emergency shelter to 14 men experiencing homelessness. The shelter facilities in Ephrata offer over 30 beds for single women and women with children experiencing homelessness. The shelter facilities in Kennett Square provide emergency shelter to 20 men experiencing homelessness. Participants at all shelters are provided with 60 day stays and the services at all facilities include three meals a day, clothing, toiletries, linens and towels. While in the program, the participants receive case management, professional mental health counseling, compassionate case management and referrals to other agencies.

Transitional Housing

Good Sam has transitional housing programs in Ephrata, Phoenixville and Coatesville. This program can house a maximum of 11 men in Phoenixville, 10 women and children in Ephrata, and a single mom and her children in Coatesville. Participants may reside in the home for up to 12 months. This longer-term residency allows the participants to continue to improve their circumstances and prepare for the move into permanent housing. While in the transitional housing program, participants continue to receive case management, mental health counseling and referrals to other agencies.

Affordable Housing

Our Breitegam House property, located in Phoenixville, is a 12-room home that provides permanent, affordable housing to men exiting our shelter and transitional housing programs. Program fees for this program are approximately 1/3 of what market rents are in Phoenixville. Participants of the Affordable Housing program receive all the services afforded to other Good Sam participants.

Housing Stabilization and Homelessness Prevention

When a participant is ready to move on from one of our housing programs, we continue to offer rental support and case management services to help them stabilize in their own housing. In addition, individuals and families that are at-risk of becoming homeless (doubled-up, in the eviction process, living in housing that is too expensive) are also helped by Good Sam. We have the capacity to serve up to 48 individuals and families a day across Lancaster and Chester Counties in this capacity. Good Sam provides over \$120,000 a year in rental support to help people stabilize in their own housing.

GOOD SAMARITAN SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Good Sam reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of Good Sam and/or the passage of time. When a restriction is satisfied, 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.

This category also includes net assets subject to donor-imposed restrictions that neither expire by passage of time nor can be satisfied by actions of Good Sam.

Accounting Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Fair Value Measurements of Assets and Liabilities

Accounting principles generally accepted in the United States of America ("**GAAP**") define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of Good Sam. Unobservable inputs reflect Good Sam's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that Good Sam has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect Good Sam's own assumptions.

GOOD SAMARITAN SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no valuation allowance necessary at June 30, 2022. Good Sam does not charge interest on outstanding balances.

Investments and Investment Income

Investments in debt and equity securities with readily determinable fair values are reported at fair value as determined by quoted market prices with gains and losses included in the statement of activities. Dividend and interest income is recorded as earned. Restricted investment income whose restrictions are satisfied in the same period are reported as without donor restrictions.

Donated investments are recorded at fair value at the date of receipt.

Good Sam invests in a professionally-managed portfolio that contains various types of securities (**See Note 3**). Such investments are exposed to market and credit risks. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect investment balances and the amounts reported in the financial statements.

Property and Equipment

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets 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 increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, Good Sam reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from three years to 35 years.

Good Sam reviews and evaluates its property and equipment for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets. If the carrying value exceeds the cash flows, then recorded amounts of the assets are reduced to their fair value.

Contributions and Government Grants

Contributions and government grants received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions and government grants whose restrictions are satisfied in the same period are reported as without donor restrictions.

Unconditional contributions and government grants are recognized as revenue when the related promise to give is received. Conditional contributions and government grants are recognized as revenue when the conditions are satisfied.

Donated Services and Materials

Donated materials are recorded as support and expenses at their estimated value on the date of receipt.

GOOD SAMARITAN SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Donated services are recorded as support and expenses at their estimated value on the date of receipt if such services require specialized skills which would need to be purchased if they were not donated.

Good Sam also receives a significant amount of donated time from a substantial number of volunteers without compensation for its program and supporting services. The financial statements do not reflect the value of these contributed services since they do not meet the criteria for recognition.

Special Event Revenue and Expenses

Special event revenue and expenses are recognized during the period in which the related event occurs. Accordingly, revenue received in advance for special events that are held subsequent to year-end is deferred and expenses paid in advance for special events that are held subsequent to year-end are included in prepaid expenses.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated based upon estimates of time and effort or relative square footage.

Concentration of Credit Risk

Financial instruments that potentially subject Good Sam to concentration of credit risk are cash and accounts receivable. Good Sam maintains cash accounts at several financial institutions. At times, these accounts may exceed federally-insured limits. Good Sam has not experienced any losses on these accounts. Accounts receivable consist of contributions, which were valued using Level 2 inputs, and amounts due from clients. Substantially all of the accounts receivable at June 30, 2022 are expected to be collected in 2023.

Income Tax Status

Good Sam qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and no provision or liability for income taxes is included in the accompanying financial statements.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain tax positions. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. Good Sam believes that it had no uncertain tax positions as defined in GAAP.

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2021, from which the summarized information was derived.

(3) INVESTMENTS

Investments consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 66,878	\$ 84,281
Mutual funds – fixed income	115,850	229,948
Mutual funds – equity	<u>1,051,224</u>	<u>1,208,499</u>
Total investments	<u>\$1,233,952</u>	<u>\$1,522,728</u>

GOOD SAMARITAN SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Investments were valued using Level 1 inputs.

Investment income (loss) consisted of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 80,876	\$ 47,204
Net realized gain (loss)	24,970	178,580
Net unrealized gain (loss)	(308,252)	95,340
Investment management fees	<u>(9,969)</u>	<u>(9,495)</u>
Total investment income (loss)	<u>\$ (212,375)</u>	<u>\$ 311,629</u>

(4) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 237,008	\$ 187,008
Buildings and improvements	3,181,907	2,799,717
Vehicles	44,065	-
Furniture and equipment	<u>90,411</u>	<u>78,630</u>
	3,553,391	3,065,355
Less accumulated depreciation	<u>(737,361)</u>	<u>(627,757)</u>
Total property and equipment	<u>\$2,816,030</u>	<u>\$2,437,598</u>

In August 2021, Good Sam's property at 118 East Locust Street in Ephrata sustained a fire. Good Sam received insurance proceeds of \$435,800, which were sufficient to cover the restoration costs such that Good Sam did not record an impairment loss during 2022.

In April 2022, Good Sam received a contribution of real estate located in Kennett Square, Pennsylvania from another nonprofit organization valued at \$350,000.

(5) LINE OF CREDIT

Good Sam has a \$150,000 bank line of credit that expires March 2023. Advances under the credit line are payable on demand, bear interest at the Wall Street Journal's prime rate plus 2% and are secured by a mortgage on one of Good Sam's properties. There were no advances outstanding at June 30, 2022 and 2021.

(6) NOTES PAYABLE

Notes payable at June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
County of Chester Department of Community Development (a)	\$ -	\$ -
Mortgage note payable, bank (b)	101,782	107,387
Mortgage note payable, bank (c)	127,828	136,587
Mortgage note payable, bank (d)	147,510	156,126
Loan payable, foundation (e)	26,000	30,000
Term note payable, bank (f)	37,919	42,004
Term note payable, bank (g)	267,527	280,464
Term note payable, bank (h)	-	-
Mortgage note payable, bank (i)	<u>270,256</u>	<u>279,269</u>
	<u>\$978,822</u>	<u>\$1,031,837</u>

GOOD SAMARITAN SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

- (a) The proceeds from the \$100,000 loan from the County of Chester Department of Community Development were used to acquire the property located at 135-137 High Street in Phoenixville. The loan was non-interest bearing and payable in August 2020. Good Sam maintained the property for use as transitional housing for low income persons for a period of 15 years from August 2005 to August 2020, at which time the loan was forgiven in its entirety.
- (b) The mortgage note payable to the bank was due in monthly installments of \$416, including interest at 5.25% through May 2020 at which time the remaining balance of \$39,061 was due. In May 2020, Good Sam borrowed an additional \$75,000 under this mortgage to finance the construction of a new building. In addition, in May 2020, Good Sam and the bank renegotiated the terms of the related loan agreement such that the remaining balance is due in 58 monthly installments of \$856, including interest at 4.25%, from July 2020 to April 2025 plus a final payment of \$83,019 in May 2025. The note is secured by a mortgage on the property located at 104-106 High Street in Phoenixville.
- (c) The mortgage note payable to the bank was due in monthly installments of \$1,131, including interest at 4.75%, through December 2034. In April 2020, Good Sam and the bank renegotiated the terms of the related loan agreement such that the remaining balance is due in 18 monthly installments of \$1,144, including interest at 4.75%, from July 2020 to December 2021, and 156 monthly principal payments of \$852 plus interest at the Wall Street Journal prime rate plus .75% from January 2022 to December 2034. The note is secured by a mortgage on the property located at 25 West Locust Street in Ephrata.
- (d) The mortgage note payable to the bank was due in monthly installments of \$1,268, including interest at 4.90% through October 2035. In April 2020, Good Sam and the bank renegotiated the terms of the related loan agreement such that the remaining balance is due in 28 monthly installments of \$1,271, including interest at 4.90%, from July 2020 to October 2022, and 156 monthly principal payments of \$935 plus interest at the Wall Street Journal prime rate plus .75% from November 2022 to October 2035. In November 2021, Good Sam and the bank renegotiated the terms of the related loan agreement such that the interest rate on the note from November 2021 through October 2026 is fixed at 3.875%. The note is secured by a mortgage on the property located at 21 West Locust Street in Ephrata.
- (e) The remaining balance of the loan payable to the foundation is due in six annual installments of \$4,000 from December 2021 to December 2026 and a final installment of \$6,000 in December 2027. The loan did not bear interest until January 1, 2022 at which time it bears interest at 4.00% through December 2027. The loan is unsecured.
- (f) The term note payable to the bank was due in monthly installments of \$1,464, including interest at 5.25%, through March 2023. In March 2020, Good Sam and the bank renegotiated the terms of the related loan agreement such that the remaining balance is due in 58 monthly installments of \$473, including interest at 4.250%, from July 2020 to April 2025 plus a final payment of \$25,944 in May 2025. The note is secured by a mortgage on the property located at 318 Main Street in Phoenixville.
- (g) The term note payable to the bank was due in monthly installments of \$2,164, including interest at 6%, through November 2025 and monthly payments of \$1,493, plus interest at a variable rate from December 2025 through November 2038. In April 2020, Good Sam and the bank renegotiated the terms of the related loan agreement such that the remaining balance is due in 65 monthly installments of \$2,180, including interest at 6.00%, from July 2020 to November 2025, and 156 monthly principal payments of \$1,504 plus interest at the Wall Street Journal prime rate plus 1.50% from December 2025 to November 2038. In November 2021, Good Sam and the bank renegotiated the terms of the related loan agreement such that the interest rate on the note from November 2021 through October 2026 is fixed at 3.875%. The note is secured by a mortgage on the property located at 616 N Lime Street in Lancaster.
- (h) In April 2020, Good Sam received a loan of \$182,563 under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was forgiven in November 2020.
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GOOD SAMARITAN SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

- (i) In June 2021, Good Sam executed a mortgage note payable of \$280,000 with a bank in order to purchase the property located at 118 East Locust Street in Ephrata. The note was due in monthly installments of \$1,781, including interest at 4.50%, from July 2021 to June 2026. The then remaining balance was due in 180 monthly installments of principal of \$1,288 plus interest at a variable rate from July 2026 to June 2041. In November 2021, Good Sam and the bank renegotiated the terms of the related loan agreement such that the interest rate on the note from November 2021 through June 2026 is fixed at 3.875%. The note is secured by a mortgage on the property located at 118 East Locust Street in Ephrata.

Scheduled principal payments on the notes payable at June 30, 2022 are as follows:

Year ending June 30,

2023	\$ 54,673
2024	56,337
2025	165,773
2026	48,270
2027	49,645
Thereafter	<u>604,124</u>
	<u>\$978,822</u>

(7) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2022 consisted of contributions and investment income restricted for the following purposes:

	Balance			Balance
	June 30, 2021	Additions	Releases	June 30, 2022
Purpose restrictions				
Matched savings program	\$ 5,231	\$ 10,000	\$ (6,000)	\$ 9,231
Property renovations	14,100	22,870	(26,781)	10,189
Property and equipment	31,394	5,050	(32,519)	3,925
Office renovations	6,020	-	(6,020)	-
Vehicles	-	42,738	(42,738)	-
Counseling programs	-	107,262	-	107,262
Ephrata shelter expansion	-	182,300	-	182,300
Kennett Square shelter expansion	-	40,000	-	40,000
Other programs	<u>6,874</u>	<u>-</u>	<u>-</u>	<u>6,874</u>
	<u>63,619</u>	<u>410,220</u>	<u>(114,058)</u>	<u>359,781</u>
Time restrictions				
Unrealized appreciation on investments	<u>438,315</u>	<u>(212,375)</u>	<u>(76,401)</u>	<u>149,539</u>
To be held in perpetuity				
Endowments (historical cost is \$1,084,413)	<u>1,084,413</u>	<u>-</u>	<u>-</u>	<u>1,084,413</u>
	<u>\$1,586,347</u>	<u>\$ 197,845</u>	<u>\$(190,459)</u>	<u>\$1,593,733</u>

(8) ENDOWMENT

Net assets with donor restrictions to be maintained indefinitely at June 30, 2022 consisted of two endowments, the income from both of which is without donor restrictions.

An accounting standard exists which provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("**UPMIFA**"). Good Sam is not subject to this guidance since Pennsylvania has not enacted a version of UPMIFA. The standard also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

GOOD SAMARITAN SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

In accordance with Pennsylvania statutes, Good Sam has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. Good Sam's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The spending policy distributes an amount equal to a specified percentage of a moving three-year average of the fair value of the endowment funds.

Changes in the endowment assets for the year ended June 30, 2022 were as follows:

	<u>Time Restricted</u>	<u>To be Maintained Indefinitely</u>	<u>Total</u>
Balance at July 1, 2021	\$438,315	\$1,084,413	\$1,522,728
Investment loss	(212,375)	-	(212,375)
Withdrawals	<u>(76,401)</u>	<u>-</u>	<u>(76,401)</u>
Balance at June 30, 2022	<u>\$149,539</u>	<u>\$1,084,413</u>	<u>\$1,233,952</u>

(9) LEASES

Good Sam leased office facilities in Phoenixville and storage space in Ephrata under month-to-month leases. Both leases were terminated as of June 30, 2021. Rent expense was \$1,083 for 2021.

(10) DONATED SERVICES AND MATERIALS

Donated services and materials received are included in contributions and property and equipment or expenses in the accompanying financial statements and consisted of the following:

	<u>2022</u>	<u>2021</u>
Property and equipment	\$366,368	\$ 18,500
Food	237,832	188,423
Program supplies	47,358	79,678
Other	<u>3,460</u>	<u>3,748</u>
Total	<u>\$655,018</u>	<u>\$290,349</u>

(11) RETIREMENT PLAN

Good Sam offers a Simple IRA plan for employees. The plan provides for Good Sam to make matching contributions up to 3% of employees' compensation. Good Sam's contributions to the plan were \$20,475 for 2022 and \$16,816 for 2021.

(12) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects Good Sam's financial assets as of June 30, 2022 and 2021 and the amounts available for general expenditures during the year after the date of the statement of financial position. Good Sam considers all expenditures related to its ongoing activities of providing the established programs as general expenditures.

GOOD SAMARITAN SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

	<u>2022</u>	<u>2021</u>
Cash	\$ 778,104	\$ 343,208
Accounts receivable	11,555	17,253
Investments	<u>1,233,952</u>	<u>1,522,728</u>
Total financial assets	2,023,611	1,883,189
Less: financial assets not available for general operations within one year		
Restricted by donor for capital purposes	(236,414)	(51,514)
Unrealized appreciation on investments, excluding portion available to be withdrawn within one year	(69,164)	(361,714)
Restricted by donor to be maintained indefinitely	<u>(1,084,413)</u>	<u>(1,084,413)</u>
Financial assets available within one year	<u>\$ 633,620</u>	<u>\$ 385,548</u>

As part of Good Sam's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. Good Sam invests cash in excess of its requirements in a money market fund. In order to manage any liquidity deficiencies or unanticipated liquidity needs, Good Sam has a committed line of credit of \$150,000.

(13) CONTINGENCY

Good Sam has a program through which it has guaranteed repayment of loans payable of several of its tenants. The balance of loans payable at June 30, 2022 under the program that Good Sam has guaranteed is \$1,849.

(14) SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 12, 2022, the date on which the financial statements were available to be issued.

The extent of the impact of the COVID-19 outbreak in the United States on Good Sam's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, all of which are uncertain and cannot be predicted. The extent to which COVID-19 will continue to impact Good Sam's operational and financial performance is uncertain.

No other material subsequent events have occurred since June 30, 2022 that require recognition or disclosure in the financial statements.



**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
Good Samaritan Services
Phoenixville, Pennsylvania**

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 Good Samaritan Services (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, and have issued our report thereon dated September 12, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Good Samaritan Services' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Good Samaritan Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Good Samaritan Services' internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Good Samaritan Services' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This 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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BBD, LLP

**Philadelphia, Pennsylvania
September 12, 2022**