

# Good Samaritan Services

Financial Statements  
Year Ended June 30, 2020



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# GOOD SAMARITAN SERVICES

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## INDEPENDENT AUDITOR'S REPORT

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

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, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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 of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

**Report on Summarized Comparative Information**

We have previously audited Good Samaritan Services' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 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 August 31, 2020, on our consideration of Good Samaritan Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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  
August 31, 2020**

# GOOD SAMARITAN SERVICES

## STATEMENT OF FINANCIAL POSITION

June 30, 2020 with comparative totals for 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash	\$ 358,121	\$ 98,644
Accounts receivable		
Contributions	3,975	13,286
Grants	5,565	3,492
Investments	1,271,992	1,285,440
Prepaid expenses and other	8,825	1,150
Property and equipment, net	<u>2,005,710</u>	<u>1,765,379</u>
<b>Total assets</b>	<b><u>\$3,654,188</u></b>	<b><u>\$3,167,391</u></b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 64,320	\$ 49,201
Notes payable	<u>1,071,555</u>	<u>911,294</u>
<b>Total liabilities</b>	<b><u>1,135,875</u></b>	<b><u>960,495</u></b>
<b>NET ASSETS</b>		
Without donor restrictions	1,146,596	888,386
With donor restrictions	<u>1,371,717</u>	<u>1,318,510</u>
<b>Total net assets</b>	<b><u>2,518,313</u></b>	<b><u>2,206,896</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$3,654,188</u></b>	<b><u>\$3,167,391</u></b>

See accompanying notes

# GOOD SAMARITAN SERVICES

## STATEMENT OF ACTIVITIES

Year ended June 30, 2020 with comparative totals for 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	
			<u>2020</u>	<u>2019</u>
<b>REVENUE AND SUPPORT</b>				
Contributions	\$1,606,403	\$ 84,490	\$1,690,893	\$1,119,836
Government grants	52,737	-	52,737	32,482
Client service income	133,352	-	133,352	139,790
Special events, net of expenses of \$24,512 in 2020 and \$46,085 in 2019	126,802	-	126,802	136,345
Investment income	-	46,453	46,453	72,254
Other income	605	-	605	419
Net assets released from restrictions	<u>77,736</u>	<u>(77,736)</u>	<u>-</u>	<u>-</u>
<b>Total revenue and support</b>	<u>1,997,635</u>	<u>53,207</u>	<u>2,050,842</u>	<u>1,501,126</u>
<b>EXPENSES</b>				
Program services				
Housing	1,419,171	-	1,419,171	1,421,910
Mobile food	-	-	-	47,337
Supporting services				
General and administrative	147,970	-	147,970	154,702
Fundraising	<u>269,695</u>	<u>-</u>	<u>269,695</u>	<u>215,482</u>
<b>Total expenses</b>	<u>1,836,836</u>	<u>-</u>	<u>1,836,836</u>	<u>1,839,431</u>
<b>CHANGE IN NET ASSETS BEFORE OTHER CHANGES</b>	<u>160,799</u>	<u>53,207</u>	<u>214,006</u>	<u>(338,305)</u>
<b>OTHER CHANGES</b>				
Forgiveness of debt	60,000	-	60,000	-
Gain on disposal of property and equipment	<u>37,411</u>	<u>-</u>	<u>37,411</u>	<u>-</u>
<b>Total other changes</b>	<u>97,411</u>	<u>-</u>	<u>97,411</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	<u>258,210</u>	<u>53,207</u>	<u>311,417</u>	<u>(338,305)</u>
<b>NET ASSETS</b>				
Beginning of year	<u>888,386</u>	<u>1,318,510</u>	<u>2,206,896</u>	<u>2,545,201</u>
<b>End of year</b>	<u>\$1,146,596</u>	<u>\$1,371,717</u>	<u>\$2,518,313</u>	<u>\$2,206,896</u>

See accompanying notes

## GOOD SAMARITAN SERVICES

### STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2020 with comparative totals for 2019

	<u>Housing</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Totals</u>	
				<u>2020</u>	<u>2019</u>
Salaries	\$ 620,460	\$ 96,439	\$170,961	\$ 887,860	\$ 785,138
Employee benefits	68,054	10,981	19,467	98,502	81,429
Payroll taxes	50,129	8,089	14,339	72,557	67,682
Bad debt expense	-	-	-	-	1,591
Bank fees	927	164	-	1,091	9,073
Depreciation	93,034	1,424	475	94,933	99,499
Dues and subscriptions	1,000	500	2,288	3,788	6,351
Insurance	37,520	3,449	6,882	47,851	49,264
Interest expense	37,892	-	-	37,892	35,832
Miscellaneous	13,319	6,770	16,054	36,143	36,709
Postage and shipping	-	1,113	2,598	3,711	4,469
Printing	-	-	16,813	16,813	26,009
Professional fees	10,992	9,096	17,047	37,135	62,346
Program expense	307,661	-	-	307,661	350,490
Real estate taxes	1,432	23	7	1,462	6,971
Rent expense	8,550	2,137	563	11,250	12,341
Repairs and maintenance	39,183	2,379	595	42,157	56,729
Supplies	4,689	3,627	531	8,847	11,935
Telephone	34,802	725	725	36,252	37,260
Travel	20,719	-	-	20,719	25,804
Utilities	68,808	1,054	350	70,212	72,509
<b>Total expenses</b>	<u>\$1,419,171</u>	<u>\$147,970</u>	<u>\$269,695</u>	<u>\$1,836,836</u>	<u>\$1,839,431</u>

See accompanying notes

# GOOD SAMARITAN SERVICES

## STATEMENT OF CASH FLOWS

Year ended June 30, 2020 with comparative totals for 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 311,417	\$ (338,305)
<b>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</b>		
Bad debt expense	-	1,591
Depreciation	94,933	99,499
Contribution of property and equipment	(190,000)	(12,000)
Forgiveness of debt	(60,000)	-
(Gain) loss on sale of property and equipment	(37,411)	5,634
Net realized and unrealized gains on investments	(7,474)	(29,109)
(Increase) decrease in assets		
Accounts receivable	7,238	82,581
Prepaid expenses and other	(7,675)	4,931
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	15,119	(33,034)
<b>Net cash provided by (used for) operating activities</b>	<u>126,147</u>	<u>(218,212)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	390,414	395,146
Purchases of investments	(369,492)	(475,625)
Purchase of property and equipment	(162,853)	(2,912)
Proceeds from sale of property and equipment	55,000	34,000
<b>Net cash used for investing activities</b>	<u>(86,931)</u>	<u>(49,391)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net repayments on line of credit	-	(45,991)
Proceeds from issuance of notes payable	257,562	300,000
Repayment of notes payable	(37,301)	(63,385)
<b>Net cash provided by financing activities</b>	<u>220,261</u>	<u>190,624</u>
<b>Net change in cash</b>	259,477	(76,979)
<b>CASH</b>		
Beginning of year	98,644	175,623
<b>End of year</b>	<u>\$ 358,121</u>	<u>\$ 98,644</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest expense	<u>\$ 37,892</u>	<u>\$ 35,832</u>

See accompanying notes



# GOOD SAMARITAN SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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### (1) NATURE OF OPERATIONS

Good Samaritan Services ("**GSS**") is a Pennsylvania nonprofit organization created in 1999. GSS provides emergency shelter, transitional housing, affordable housing and housing support services to individuals and families experiencing homelessness in Lancaster and Chester Counties.

Responding with compassion to the challenges of poverty-related needs across Lancaster and Chester Counties, GSS takes a customized approach to helping men, women, and children overcome homelessness and hardships. GSS serves up to 200 people a day; providing a flexible spectrum of services ranging from emergency shelter to permanent housing, along with financial empowerment programs and parenting support to help people get back on their feet in a sustainable way.

GSS provides the following housing programs:

#### ***Emergency Housing***

GSS maintains emergency shelters in both Phoenixville and Ephrata, which serve people coming from anywhere within Chester and Lancaster Counties. The shelter in Phoenixville is an eight bed facility that serves men experiencing homelessness. The shelter in Ephrata is a 20 bed facility that serves women and women with children experiencing homelessness. Participants at both shelters are provided with 45 day stays and the services at both facilities include three meals a day, clothing, toiletries, linens and towels. While in the program, the participants receive case management and counseling services and referrals to other agencies.

#### ***Transitional Housing***

This program can house a maximum of 17 men in Phoenixville. Participants are allowed to reside in the home for up to 12 months. This longer-term residency allows the men to continue to improve their circumstances and prepare for the move into permanent housing.

Participants who have completed a successful stay in the Phoenixville emergency shelter may be eligible to reside in the transitional housing. Participants must be employed and/or have another source of regular monthly income. Participants who meet these requirements, have complied with the house rules, demonstrated sobriety throughout their stay, and expressed a desire to continue on to independent living are welcomed into transitional housing.

Transitional housing program participants are expected to function more independently than emergency shelter participants in order to practice the life skills needed to live on their own. Participants are also expected to be responsible with their program fee and upkeep of their personal space. While in the program, the participants continue to receive case management and counseling services 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 case management services and access to all GSS programs.

In December 2019, a donor gifted a property to GSS on St. Mary's Street in Phoenixville. GSS uses this home to provide affordable housing to 3 men.

#### ***Housing Support Services***

Serving individuals and families that are doubled-up, at risk of homelessness, in the eviction process, or homeless. We help people across Lancaster and Chester Counties move into their own housing.

# GOOD SAMARITAN SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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We assist individuals and families to secure and maintain housing in the community by providing:

- Case management and goal planning
- Parenting education and support
- Support groups and workshops
- Mentoring/volunteer support
- A wide variety of financial stability and personal development resources

Housing Support Services at GSS assist individuals and families throughout Chester and Lancaster Counties to stay in their own homes. Our caseworkers come alongside participants to determine the appropriate next steps. We offer an extensive array of services including rehousing and short-term rental assistance. We work together with our participants and community to ensure they have a safe place to call home.

### (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**

GSS 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 GSS 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 GSS.

#### **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 GSS. Unobservable inputs reflect GSS' 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:

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# GOOD SAMARITAN SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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**Level 1** – Valuations based on quoted prices in active markets for identical assets or liabilities that GSS 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 GSS' own assumptions.

### **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, 2020. GSS 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.

GSS 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, GSS 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.

GSS 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.

# GOOD SAMARITAN SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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### **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.

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.

GSS 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 GSS to concentration of credit risk are cash and accounts receivable. GSS maintains cash accounts at several financial institutions. At times, these accounts may exceed federally-insured limits. GSS 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, 2020 are expected to be collected in 2021.

### **Income Tax Status**

GSS 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. GSS 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, 2019, from which the summarized information was derived.

# GOOD SAMARITAN SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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### Accounting Pronouncements Adopted

In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. GSS adopted ASU 2014-09 on January 1, 2019 using the modified retrospective method approach.

GSS performed an analysis of revenue streams and transactions under ASU 2014-09, including applying the portfolio approach as a practical expedient to group contracts with similar characteristics such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. The adoption of ASU 2014-09 had no impact on the amount of revenue recognized since revenue continues to be recognized as described above.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and accounting guidance for contributions received and made and assists entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance, and in determining whether a contribution is conditional. GSS adopted ASU 2018-08 on January 1, 2019.

### (3) INVESTMENTS

Investments consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 5,362	\$ 5,420
Mutual funds - fixed income	494,504	519,589
Mutual funds - equity	<u>772,126</u>	<u>760,431</u>
<b>Total investments</b>	<b><u>\$ 1,271,992</u></b>	<b><u>\$ 1,285,440</u></b>

Investments were valued using Level 1 inputs.

Investment income consisted of the following for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 47,647	\$ 51,259
Net realized gain (loss)	(4,559)	42,270
Net unrealized gain (loss)	12,033	(13,161)
Investment management fees	<u>(8,668)</u>	<u>(8,114)</u>
<b>Total investment income</b>	<b><u>\$ 46,453</u></b>	<b><u>\$ 72,254</u></b>

# GOOD SAMARITAN SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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### (4) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 127,008	\$ 114,597
Buildings and improvements	2,323,202	2,000,349
Furniture and equipment	<u>78,630</u>	<u>78,630</u>
	2,528,840	2,193,576
Less accumulated depreciation	<u>(523,130)</u>	<u>(428,197)</u>
<b>Total property and equipment</b>	<b><u>\$ 2,005,710</u></b>	<b><u>\$ 1,765,379</u></b>

### (5) LINE OF CREDIT

GSS has a \$150,000 bank line of credit that expires March 2022. 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 GSS' properties. There were no advances outstanding at June 30, 2020 and 2019.

### (6) NOTES PAYABLE

Notes payable at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
County of Chester Department of Community Development (a)	\$ -	\$ 60,000
County of Chester Department of Community Development (b)	100,000	100,000
Mortgage note payable, bank (c)	112,880	41,074
Mortgage note payable, bank (d)	143,650	148,611
Mortgage note payable, bank (e)	163,422	168,633
Loan payable, foundation (f)	34,000	38,000
Term note payable, bank (g)	45,772	59,596
Term note payable, bank (h)	289,268	295,380
Term note payable, bank (i)	<u>182,563</u>	<u>-</u>
	<b><u>\$ 1,071,555</u></b>	<b><u>\$ 911,294</u></b>

(a) The proceeds from the \$60,000 loan from the County of Chester Department of Community Development were used to acquire the property located at 104-106 High Street in Phoenixville. The loan was non-interest bearing and payable in May 2020. GSS maintained the property for use as transitional housing for low income persons for a period of 10 years from May 2010 to May 2020, at which time the loan was forgiven in its entirety.

(b) 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 is non-interest bearing and payable in August 2020. GSS must maintain the property for use as transitional housing for low income persons for a period of 15 years beginning August 2005, after which time the loan will be forgiven in its entirety. The loan is secured by a mortgage on the property. The loan was forgiven in August 2020.

## GOOD SAMARITAN SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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- (c) The mortgage 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, GSS borrowed an additional \$75,000 under this mortgage to finance the construction of a new building. In addition, in May 2020, GSS and the bank renegotiated the terms of the related loan agreement such that the remaining balance of \$112,880 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 GSS' real estate located at 104-106 High Street in Phoenixville.
- (d) The mortgage payable to the bank was due in monthly installments of \$1,131, including interest at 4.75%, through December 2034. In April 2020, GSS and the bank renegotiated the terms of the related loan agreement such that the remaining balance of \$143,650 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 GSS' real estate located at 25 West Locust Street in Ephrata.
- (e) The mortgage payable to the bank was due in monthly installments of \$1,268, including interest at 4.90% through October 2035. In April 2020, GSS and the bank renegotiated the terms of the related loan agreement such that the remaining balance of \$163,422 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. The note is secured by a mortgage on GSS' real estate located at 21 West Locust Street in Ephrata.
- (f) The remaining balance of the loan payable to the foundation is due in seven annual installments of \$4,000 from December 2020 to December 2026 and a final installment of \$6,000 in December 2027. The loan does not bear interest until January 1, 2022 at which time it will bear interest at 4.00% through December 2027. The loan is unsecured.
- (g) 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, GSS and the bank renegotiated the terms of the related loan agreement such that the remaining balance of \$45,772 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.
- (h) 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, GSS and the bank renegotiated the terms of the related loan agreement such that the remaining balance of \$289,268 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. The note is secured by a mortgage on the property located at 616 N Lime Street in Lancaster.
- (i) In April 2020, GSS 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 is payable in 60 monthly installments from February 2021 to January 2026. The loan bears interest at 1%, is unsecured, is guaranteed by the Small Business Administration, and may be forgiven in its entirety upon meeting certain requirements.

# GOOD SAMARITAN SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Scheduled principal payments on the notes payable at June 30, 2020 are as follows:

**Year ending June 30,**

2021	\$ 150,503
2022	76,153
2023	81,368
2024	83,867
2025	192,843
Thereafter	<u>486,821</u>
	<u>\$ 1,071,555</u>

### (7) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 consisted of contributions and investment income restricted for the following purposes:

	<b><u>Balance</u></b> <b><u>June 30, 2019</u></b>	<b><u>Additions</u></b>	<b><u>Released</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2020</u></b>
<b>Purpose restrictions</b>				
Matched savings program	\$ 5,631	\$ 5,000	\$ 2,400	\$ 8,231
Microfinance program	1,663	-	1,663	-
Property and equipment	-	42,000	8,318	33,682
Property maintenance	10,500	12,500	-	23,000
Getting Ahead Workshop	2,047	-	2,047	-
Office renovations	10,104	-	-	10,104
Other programs	<u>3,125</u>	<u>12,490</u>	<u>3,407</u>	<u>12,208</u>
	<u>33,070</u>	<u>71,990</u>	<u>17,835</u>	<u>87,225</u>
<b>Time restrictions</b>				
Unrealized appreciation on investments	221,818	46,453	59,901	208,370
For future periods	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>12,500</u>
	<u>221,818</u>	<u>58,953</u>	<u>59,901</u>	<u>220,870</u>
<b>To be held in perpetuity</b>				
Endowments (historical cost is \$1,063,622)	<u>1,063,622</u>	<u>-</u>	<u>-</u>	<u>1,063,622</u>
	<u>\$ 1,318,510</u>	<u>\$ 130,943</u>	<u>\$ 77,736</u>	<u>\$ 1,371,717</u>

### (8) ENDOWMENT

Net assets with donor restrictions to be maintained indefinitely at June 30, 2020 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**"). GSS 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, 2020

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In accordance with Pennsylvania statutes, GSS 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. GSS' 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, 2020 were as follows:

	<b>Time Restricted</b>	<b>To be Maintained Indefinitely</b>	<b>Total</b>
Balance at July 1, 2019	\$ 221,818	\$ 1,063,622	\$ 1,285,440
Investment gain	46,453	-	46,453
Withdrawals	<u>(59,901)</u>	<u>-</u>	<u>(59,901)</u>
Balance at June 30, 2020	<u>\$ 208,370</u>	<u>\$ 1,063,622</u>	<u>\$ 1,271,992</u>

### (9) LEASES

GSS leased office facilities in Phoenixville and storage space in Ephrata under month-to-month leases. Both leases were terminated during 2020. Rent expense was \$11,250 for 2020 and \$12,341 for 2019.

### (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:

	<b><u>2020</u></b>	<b><u>2019</u></b>
Property and equipment	\$ 190,000	\$ 12,000
Food	113,682	116,323
Program supplies	91,719	96,470
Other	<u>2,223</u>	<u>17,527</u>
Total	<u>\$ 397,624</u>	<u>\$ 242,320</u>

### (11) RETIREMENT PLAN

GSS offers a Simple IRA plan for employees. The plan provides for GSS to make matching contributions up to 3% of employees' compensation. GSS' contributions to the plan were \$15,448 for 2020 and \$16,326 for 2019.

## GOOD SAMARITAN SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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#### (12) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects GSS' financial assets as of June 30, 2020 and 2019 and the amounts available within one year.

	<u>2020</u>	<u>2019</u>
Cash	\$ 358,121	\$ 98,644
Accounts receivable	9,540	16,778
Investments	<u>1,271,992</u>	<u>1,285,440</u>
Total financial assets	1,639,653	1,400,862
Less: financial assets not available for general operations within one year		
Restricted by donor for specific purposes	(87,225)	(33,070)
Unrealized appreciation on investments, excluding portion available to be withdrawn within one year	(161,914)	(161,917)
Restricted by donor to be maintained indefinitely	<u>(1,063,622)</u>	<u>(1,063,622)</u>
Financial assets available within one year	<u>\$ 326,892</u>	<u>\$ 142,253</u>

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

#### (13) CONTINGENCY

GSS 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, 2020 under the program that GSS has guaranteed is \$14,762.

#### (14) SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 31, 2020, the date on which the financial statements were available to be issued. The COVID-19 outbreak in the United States has caused business disruption through mandated closings and there is considerable uncertainty around the duration of the closing. GSS cancelled several of its fundraising events scheduled for the spring and summer of 2020. The duration of the closing and the related financial impact cannot be reasonably estimated at this time.

Except as disclosed in the previous paragraph and in Note 6, no other material subsequent events have occurred since June 30, 2020 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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 31, 2020.

**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  
August 31, 2020**