

**SAMARITAN MINISTRY OF GREATER WASHINGTON**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2014**

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## Independent Auditor's Report

To The Board of Directors  
Samaritan Ministry of Greater Washington  
Washington, DC

We have audited the accompanying statements of financial position of Samaritan Ministry of Greater Washington ("Samaritan Ministry") (a nonprofit organization) as of December 31, 2014, and the related statement 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

Samaritan Ministry of Greater Washington  
Independent Auditor's Report  
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*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Samaritan Ministry of Greater Washington as of December 31, 2014, and the change in its net assets and its cash flows for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

*James Maurice & McQuade PA*

Washington, DC  
July 11, 2015

**SAMARITAN MINISTRY OF GREATER WASHINGTON  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2014**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 222,006
Investments - mutual funds	16,696
Accounts receivable	22,986
Promises to give, net	33,623
Prepaid expenses	8,350
Total Current Assets	<u>303,661</u>

**OTHER ASSETS**

Property and equipment, net	634,955
Investment in partnership interest	450,406
Promises to give, net of current portion	121,337
Total Other Assets	<u>1,206,698</u>

**TOTAL ASSETS**

\$ 1,510,359

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 12,164
Accrued expenses	37,434
Deferred revenue	4,000
Line of credit	50,000
Notes payable	111,011
Total Current Liabilities	<u>214,609</u>

**OTHER LIABILITIES**

Notes payable, net of current portion	342,998
Total Liabilities	<u>557,607</u>

**NET ASSETS**

Unrestricted net assets:	
Undesignated	789,764
Board designated	29,211
Total unrestricted net assets	<u>818,975</u>
Temporarily restricted net assets	133,777
Total Net Assets	<u>952,752</u>

**TOTAL LIABILITIES AND NET ASSETS**

\$ 1,510,359

See independent auditor's report and accompanying notes to financial statements.

**SAMARITAN MINISTRY OF GREATER WASHINGTON**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Grants and contributions	\$ 546,717	\$ 86,400	\$ 633,117
In-kind goods contributions	72,668	-	72,668
Federal and local government contracts	64,675	-	64,675
Other contract revenue	7,363	-	7,363
Special events net of direct expenses of \$16,474	55,340	-	55,340
Interest income	470	-	470
Net appreciation in fair value of investments	27,733	-	27,733
Net assets released from restrictions	126,213	(126,213)	-
Total Revenue and Support	<u>901,179</u>	<u>(39,813)</u>	<u>861,366</u>
<b>EXPENSES</b>			
Program services:			
HIV/AIDS Burial Assistance	64,406	-	64,406
Employment and Social Programs	698,732	-	698,732
Total program services	<u>763,138</u>	<u>-</u>	<u>763,138</u>
Support services:			
Management and general	65,291	-	65,291
Fundraising	87,010	-	87,010
Total support services	<u>152,301</u>	<u>-</u>	<u>152,301</u>
Total Expenses	<u>915,439</u>	<u>-</u>	<u>915,439</u>
<b>CHANGE IN NET ASSETS</b>	(14,260)	(39,813)	(54,073)
<b>NET ASSETS, beginning of period</b>	<u>833,235</u>	<u>173,590</u>	<u>1,006,825</u>
<b>NET ASSETS, end of period</b>	<u><u>\$ 818,975</u></u>	<u><u>\$ 133,777</u></u>	<u><u>\$ 952,752</u></u>

See independent auditor's report and accompanying notes to financial statements.

**SAMARITAN MINISTRY OF GREATER WASHINGTON  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2014**

	Program Services			Support Services		
	HIV/AIDS Burial Assistance	Employment & Social Programs	Total Program Services	Management and General	Fundraising	Total
Salaries and related expenses						
Salaries	\$ 26,662	\$ 326,621	\$ 353,283	\$ 27,062	\$ 52,592	\$ 432,937
Payroll taxes	1,883	23,073	24,956	1,913	3,715	30,584
Employee benefits	3,550	43,172	46,722	3,607	6,928	57,257
Stipends	-	50,721	50,721	-	-	50,721
Total salaries and related	32,095	443,587	475,682	32,582	63,235	571,499
Accounting	-	-	-	5,510	-	5,510
Bank and credit card fees	-	-	-	2,583	-	2,583
Client assistance	18,702	26,466	45,168	-	-	45,168
Consultants	1,410	27,967	29,377	9,792	2,781	41,950
Depreciation expense	895	10,959	11,854	907	1,765	14,526
Equipment	632	5,673	6,305	147	287	6,739
Event expense	-	11,552	11,552	-	12,321	23,873
In-kind food and clothing	-	72,668	72,668	-	-	72,668
Insurance	572	7,006	7,578	580	1,128	9,286
Interest expense	-	17,227	17,227	3,031	1,450	21,708
Miscellaneous	-	1,919	1,919	2,893	-	4,812
Office expenses	-	-	-	2,027	-	2,027
Postage and delivery	94	1,149	1,243	95	185	1,523
Printing and publications	1,243	10,582	11,825	811	1,575	14,211
Repairs and maintenance	-	5,075	5,075	354	321	5,750
Rent	4,140	29,760	33,900	-	-	33,900
Staff development	332	4,041	4,373	338	649	5,360
Supplies	1,896	1,760	3,656	2,103	87	5,846
Telephone and internet	1,074	9,898	10,972	375	338	11,685
Travel	417	260	677	581	363	1,621
Utilities	904	11,183	12,087	582	525	13,194
Total Expense	\$ 64,406	\$ 698,732	\$ 763,138	\$ 65,291	\$ 87,010	\$ 915,439

See independent auditor's report and accompanying notes to financial statements.

**SAMARITAN MINISTRY OF GREATER WASHINGTON  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2014**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets (deficit)	\$ (54,073)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	14,526
Net appreciation in fair value of investments	(27,733)
(Increase) decrease in:	
Accounts receivable	(7,081)
Promises to give	8,386
Prepaid expenses	(1,769)
Increase (decrease) in:	
Accounts payable	(17,723)
Accrued liabilities	18,173
Deferred revenue	4,000
Net Cash Used for Operating Activities	<u>(63,294)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale of investments	26,749
Purchases of property and equipment	(1,735)
Net Cash Used for Investing Activities	<u>25,014</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from line of credit	40,000
Principal payments on line of credit	(29,891)
Proceeds from long term debt	100,000
Principal payments on long term debt	(208,958)
Net Cash Used for Financing Activities	<u>(98,849)</u>
<b>NET CHANGE IN CASH</b>	(137,129)
<b>CASH, beginning of year</b>	<u>359,135</u>
<b>CASH, end of year</b>	<u>\$ 222,006</u>
Cash paid for interest:	<u>\$ 21,708</u>

See independent auditor's report and accompanying notes to financial statements.



**SAMARITAN MINISTRY OF GREATER WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES**

Organization

Samaritan Ministry of Greater Washington (“Samaritan Ministry”) is an independent, non-profit organization incorporated in the District of Columbia in 1985. Samaritan Ministry was organized to serve the religious, charitable and educational needs of the Greater Washington, DC community. This is accomplished by providing support and assistance to, and fostering growth and increased self-reliance among, individuals and families who are homeless, in poverty, unemployed or otherwise in need and who seek to take next steps toward better lives. A majority of Samaritan Ministry’s revenue consists of contributions from churches, corporations and individuals, as well as reimbursements from government grants.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements are prepared using the accrual method of accounting, which recognizes revenue when assessed or earned and expenses when incurred.

Financial Statement Presentation

Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Samaritan Ministry and changes therein are classified and reported as follows:

*Unrestricted Net Assets* - Net assets not subject to donor-imposed restrictions.

*Temporarily Restricted Net Assets* - Net assets subject to donor-imposed restrictions that may or will be met by either actions of Samaritan Ministry and/or the passage of time.

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by Samaritan Ministry. There were no permanently restricted net assets as of December 31, 2014.

**SAMARITAN MINISTRY OF GREATER WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents

For financial statement purposes, Samaritan Ministry considers all money market accounts and highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Investments

Investments in equities and mutual funds are reported at fair value, which is based on quoted market prices as of the last day of the fiscal year. Interest income is reported when earned. Dividends are recorded on the ex-dividend. Net appreciation (depreciation) in fair value of investments includes the gains and losses on investments bought and sold as well as held during the year.

Promises To Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection of information and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method calculated to depreciate the cost of the applicable assets over their estimated useful lives. All assets with a useful life of greater than one year are capitalized while repairs and maintenance are generally expensed.

The following is the estimated useful lives of property and equipment:

Furniture	-	7 years
Equipment	-	5 years
Leasehold improvements	-	10 years
Building	-	40 years

**SAMARITAN MINISTRY OF GREATER WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Grants and Contributions

Grants and unconditional contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

Federal and local government contract revenues as well as other contract revenues are recognized as related expenditures are incurred. Revenue which is not currently recognized is presented as a deferred revenue liability in the accompanying statement of financial position.

Donated Services

Many volunteers contribute numerous hours supporting and promoting activities that assist homeless individuals and families. The value of these services has not been reflected in these financial statements. Contributed services are recognized as revenue if the services create or enhance non-financial assets or require specialized skills that would typically need to be purchased if not provided. These services are recorded at fair value of the services provided.

Functional Allocation of Expenses

Samaritan Ministry allocates expenses on a functional basis among their various programs and support services. The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services that benefited from such costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of revenue and expenses during the reporting periods and reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**SAMARITAN MINISTRY OF GREATER WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**  
(continued)

**NOTE C – INCOME TAXES**

Samaritan Ministry is recognized as exempt from federal income tax, except on unrelated business activities, under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, Samaritan Ministry has been classified as an organization that is not a private foundation under Section 590(a)(1).

Samaritan Ministry believes that it has appropriate support for any tax provisions taken, and as such, does not have any uncertain tax provisions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

Samaritan Ministry's income tax returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. The Samaritan Ministry's form 990 tax returns for the years ended March 31, 2012 through December 31, 2013 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

**NOTE D – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

FASB *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priorities to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- |                |  |
|----------------|--|
| <i>Level 1</i> | Inputs are based on unadjusted quoted prices for identical assets traded in active markets that the organization has the ability to access.  |
| <i>Level 2</i> | Inputs to the valuation methodology include a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets or liabilities in inactive markets; c) inputs other than quoted prices that are observable for the asset or liability; and d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability |
| <i>Level 3</i> | Inputs are unobservable and significant to the fair value measurement.   |

**SAMARITAN MINISTRY OF GREATER WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**  
(continued)

**NOTE D – INVESTMENTS AND FAIR VALUE MEASUREMENTS – continued**

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

*Mutual funds:* Valued at the net asset value (“NAV”) of shares held at year end.

*Limited Partnership interest:* Valued at the most recent appraised value of project plus other assets less liabilities held by the partnership as of the most recent annual financial statements of the partnership; multiplied by the percent interest in capital held by Samaritan Ministry (3.375%); less minority interest discount (15%).

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, although Samaritan Ministry’s management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following table sets forth by level, within the fair value hierarchy, Samaritan Ministry’s investments at fair value as of December 31, 2014:

	Assets at Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 16,696	\$ -	\$ -	\$ 16,696
Interest in Limited Partnership	\$ -	-	450,406	450,406
Total	\$ 16,696	\$ -	\$ 450,406	\$ 467,102

Investment income consists of the following for the nine months ended December 31, 2014:

Interest and dividends	\$ 470
Net appreciation (depreciation) in investments	27,733
	\$ 28,203

**SAMARITAN MINISTRY OF GREATER WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**  
(continued)

**NOTE E – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give are due as follows as of December 31, 2014,

	2015	\$ 146,346
	2016	42,909
	2017	9,890
	2018	<u>250</u>
		199,395
Less: allowance for doubtful promises		<u>(44,435)</u>
Total		<u>\$ 154,960</u>

**NOTE F – PROPERTY AND EQUIPMENT**

Property and equipment is stated at cost and consists of the following as of December 31, 2014:

Land		\$ 264,802
Building		397,203
Building improvements		23,148
Furniture and equipment		<u>66,898</u>
Subtotal		752,051
Less: accumulated depreciation		<u>(117,096)</u>
Property and equipment, net		<u>\$ 634,955</u>

Depreciation expense for the nine months ended December 31, 2014 totaled \$14,526.

**NOTE G – LIMITED PARTNERSHIP INTEREST**

On October 15, 2010, Samaritan Ministry received 3.375% limited partnership interests in an Illinois limited partnership. The partnership interests were valued at \$412,814 on the date of the transfer. During the year ended December 31, 2014, Samaritan Ministry received \$27,000 of distributions and partnership income of \$289.

**SAMARITAN MINISTRY OF GREATER WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**  
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**NOTE H – LINES OF CREDIT**

Samaritan Ministry has an available line of credit from a bank, due on January 26, 2015, with an available balance of \$250,000, under which Samaritan Ministry may borrow at the bank's prime rate plus 1.0%, (but not less than 5.0%). As of December 31, 2014, the outstanding balance on this line of credit was \$50,000.

**NOTE I – OPERATING LEASE**

During November 2012, Samaritan Ministry entered into an operating lease for a copier. The lease is for a term of sixty months and requires monthly payments of \$390. Future minimum payments under this lease agreement are as follows:

For the year ending December 31:

2015	\$ 4,683
2016	4,683
2017	<u>3,903</u>
Total	<u>\$ 13,269</u>

**NOTE J – NOTES PAYABLE**

On June 29, 2009, Samaritan Ministry entered into an agreement to borrow \$495,000 to purchase a property located at 1516 Hamilton Street, NW, Washington, DC. On October 29, 2012, this loan was refinanced. The new loan matures on October 29, 2022. Principal and interest on the refinanced loan are due monthly based on a 25 year amortization schedule with a balloon payment of all outstanding interest and principal due at maturity. The loan requires monthly payments of \$2,658 through October 29, 2022 at which point the remaining principal and interest balance is due. Interest on the loan is accrued at 4.5% for the first five years of the loan and at the 5 year US Treasury rate plus 350 basis points, with a minimum of no less than 4.5%, thereafter. As of December 31, 2014, the balance of this obligation was \$454,009.

On October 28, 2013, Samaritan entered into another agreement to borrow \$100,000 from the same church in Washington, DC as above. This note matured on April 30, 2014 at which point the full balance of principal and accrued interest was paid. The note accrued interest at a rate of 1%. As of December 31, 2014, this note was paid in full with no outstanding balance.

**SAMARITAN MINISTRY OF GREATER WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**  
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**NOTE J – NOTES PAYABLE - continued**

Future minimum payments of long-term debt are as follows:

For the year ending December 31:	
2015	\$ 11,524
2016	12,004
2017	12,620
2018	13,208
Thereafter	<u>404,653</u>
Total	<u>\$ 454,009</u>

**NOTE K – BOARD DESIGNATED NET ASSETS**

As of December 31, 2014, net assets totaling \$29,211 were board designated for future reserves.

**NOTE L – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were restricted for the following purposes as of December 31, 2014:

Purpose restricted:	
Building improvement	\$ 7,254
Acts 3	<u>2,683</u>
Total purpose restricted	9,937
Time restricted	<u>123,840</u>
Total	<u>\$ 133,777</u>

**NOTE M – DONATED GOODS AND SERVICES**

There were no donated professional services which met the criteria for recognition in the financial statements for the year ended December 31, 2014. Additionally, Samaritan Ministry received donated clothing and food totaling \$72,668 for the year ended December 31, 2014 that were recorded to the financial statements.

For the year ended December 31, 2014, various volunteers provided other services to Samaritan Ministry which do not require specialized skills. The estimated value of these services totaling \$348,017 has not been recognized in the accompanying financial statements.



**SAMARITAN MINISTRY OF GREATER WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**  
(continued)

**NOTE N – RETIREMENT PLAN**

Samaritan Ministry maintains a Section 403(b) pension plan (the “Plan”) for its employees. Employee contributions are optional. The employer match begins after six months of service and is determined by the board on an annual basis up to a certain level per participant. Samaritan Ministry contributed \$457 to the Plan for the benefit of its employees during the year ended December 31, 2014. Employees are immediately vested in their voluntary contributions and in Samaritan Ministry’s contributions.

**NOTE O – CONCENTRATION OF CREDIT RISK**

Samaritan Ministry maintains its cash in bank accounts that, at times, may exceed federally insured limits. Samaritan Ministry has not experienced any losses in such accounts and believes it is not exposed to any significant risk of loss on cash and cash equivalents.

**NOTE P – SUBSEQUENT EVENTS**

Samaritan Ministry management has evaluated subsequent events for potential required disclosures through July 11, 2015, the date the financial statements are available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.