



Johnson City, Tennessee
Financial Statements
For the Year Ended June 30, 2019

Financial Statement Audited By:


Gray Station CPAs PC
★ ★ ★
CERTIFIED PUBLIC ACCOUNTANT

140 Old Gray Station Road Suite 100 Gray TN 37615

Good Samaritan Ministries, Inc.
Johnson City, Tennessee
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November 4, 2019

Independent Auditor's Report

Board of Directors
Good Samaritan Ministries, Inc.
Johnson City, Tennessee

We have audited the accompanying financial statements of Good Samaritan Ministries, Inc. (a Tennessee nonprofit corporation) which comprise the statement of financial position as of June 30, 2019, 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 the 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 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 Ministries, Inc. as of June 30, 2019, 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.

Gray Station CPAs PC

Gray Station CPAs PC
Gray, Tennessee

Good Samaritan Ministries, Inc.
Johnson City, Tennessee
Statement of Financial Position
June 30, 2019

Exhibit A

	<u>Assets</u>	
<u>Current Assets</u>		
Cash		\$ 87,439
Prepaid Insurance		5,192
Inventory		<u>319,272</u>
Total Current Assets		\$ 411,903
 <u>Fixed Assets</u>		
Land	\$ 45,000	
Buildings	545,212	
Equipment	60,913	
Vehicle	<u>57,330</u>	
Total Fixed Assets	\$ 708,455	
Less: Accumulated Depreciation	<u>(296,705)</u>	
Net Fixed Assets		411,750
 <u>Other Assets</u>		
Certificate of Deposit	\$ 30,739	
Investments	<u>1,961</u>	
Total Other Assets		<u>32,700</u>
 <u>Total Assets</u>		 <u>\$ 856,353</u>
	<u>Liabilities and Net Assets</u>	
<u>Current Liabilities</u>		
Accounts Payable		\$ 850
Accrued Expenses		24,275
Line of Credit		49,655
Mortgage Payable (Current Portion)		<u>11,594</u>
Total Current Liabilities		\$ 86,374
 <u>Long-Term Liabilities</u>		
Mortgage Payable (Net of Current Portion)		<u>223,123</u>
 <u>Total Liabilities</u>		 \$ 309,497
 <u>Net Assets</u>		
Without Donor Restrictions	\$ 526,550	
With Donor Restrictions	<u>20,306</u>	
Total Net Assets		<u>546,856</u>
 <u>Total Liabilities and Net Assets</u>		 <u>\$ 856,353</u>

See notes to financial statements

Good Samaritan Ministries, Inc.
Johnson City, Tennessee
Statement of Activities
For the Year Ended June 30, 2019

Exhibit B

Public Support and Revenue

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Public Support</u>			
Grants	\$ 33,525	\$ 0	\$ 33,525
Contributions	185,514	263,831	449,345
In-Kind Contributions	<u>2,943,887</u>	<u>0</u>	<u>2,943,887</u>
Total Public Support	<u>\$ 3,162,926</u>	<u>\$ 263,831</u>	<u>\$ 3,426,757</u>
 <u>Revenue</u>			
Thrift Store Revenue (Net of \$267,336 Related Expenses)	\$ 200,924	\$ 0	\$ 200,924
Other Fundraising Revenue (Net of \$18,232 Related Expenses)	10,617	0	10,617
Other Income	<u>477</u>	<u>0</u>	<u>477</u>
Total Revenue	<u>\$ 212,018</u>	<u>\$ 0</u>	<u>\$ 212,018</u>
 <u>Net Assets Released from Restrictions</u>	<u>\$ 259,655</u>	<u>\$ (259,655)</u>	<u>\$ 0</u>
 <u>Total Public Support and Revenue</u>	<u>\$ 3,634,599</u>	<u>\$ 4,176</u>	<u>\$ 3,638,775</u>
 <u>Expenses</u>			
Program Services	\$ 3,473,192	\$ 0	\$ 3,473,192
Management and General	134,526	0	134,526
Fundraising	<u>34,286</u>	<u>0</u>	<u>34,286</u>
Total Expenses	<u>\$ 3,642,004</u>	<u>\$ 0</u>	<u>\$ 3,642,004</u>
 <u>Change in Net Assets</u>	<u>\$ (7,405)</u>	<u>\$ 4,176</u>	<u>\$ (3,229)</u>
 <u>Net Assets - Beginning of Year</u>	<u>533,955</u>	<u>16,130</u>	<u>550,085</u>
 <u>Net Assets - End of Year</u>	<u>\$ 526,550</u>	<u>\$ 20,306</u>	<u>\$ 546,856</u>

See notes to financial statements

Good Samaritan Ministries, Inc.
Johnson City, Tennessee
Statement of Functional Expenses
For the Year Ended June 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Exhibit C Total</u>
<u>Benevolence</u>				
Benevolence - Food & Meals	\$1,581,763	\$0	\$0	\$1,581,763
Housing and Utilities Assistance	71,345	0	0	71,345
Special Programs	1,095,376	0	0	1,095,376
Other Benevolence	407,211	0	0	407,211
Total Benevolence	<u>\$ 3,155,695</u>	<u>\$0</u>	<u>\$0</u>	<u>\$ 3,155,695</u>
 <u>Other Expense</u>				
Salaries & Wages	\$ 185,664	\$ 66,856	\$ 17,871	\$ 270,391
Payroll Taxes & Employee Benefits	14,107	19,039	1,345	34,491
Office Expense	4,935	3,540	776	9,251
Occupancy Expense	58,242	19,360	54	77,656
Telephone	4,746	1,265	316	6,327
Professional Services	8,800	5,975	0	14,775
Advertising	1,997	0	998	2,995
Dues and Subscriptions	0	3,866	0	3,866
Interest	8,083	4,042	4,042	16,167
Printing	2,282	0	71	2,353
Postage	0	721	1,683	2,404
Travel	5,696	479	154	6,329
Equipment Maintenance	0	173	0	173
Loss on Disposal of Fixed Assets	0	1,921	0	1,921
Bank Charges	0	425	1,394	1,819
Supplies	0	1,145	0	1,145
Total Other Expenses	<u>\$ 294,552</u>	<u>\$ 128,807</u>	<u>\$ 28,704</u>	<u>\$ 452,063</u>
Total Before Depreciation & Amortization	<u>\$ 3,450,247</u>	<u>\$ 128,807</u>	<u>\$ 28,704</u>	<u>\$ 3,607,758</u>
Amortization	17	4	4	25
Depreciation	22,928	5,715	5,578	34,221
Total Expenses by Function	<u>\$ 3,473,192</u>	<u>\$ 134,526</u>	<u>\$ 34,286</u>	<u>\$ 3,642,004</u>

See notes to financial statements

Good Samaritan Ministries, Inc.
Johnson City, Tennessee
Statement of Cash Flows
For the Year Ended June 30, 2019

Exhibit D

<u>Cash Flows from Operating Activities</u>		
Change in Net Assets		\$ (3,229)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operations:		
Depreciation & Amortization	\$ 34,246	
Loss on Disposition of Fixed Assets	1,921	
Loss on Sale of Investments	98	
Unrealized Gain on Investments	(21)	
Donated Stock Received	(5,353)	
Change in Inventory from In-Kind Donations	(11,713)	
Changes in Certain Assets and Liabilities:		
Prepaid Expense	(308)	
Accounts Payable	1	
Accrued Expenses	6,694	
Accrued Interest	<u>17</u>	
Net Adjustments		<u>25,582</u>
Net Cash Provided by Operating Activities		\$ 22,353
<u>Cash Flows from Investing Activities</u>		
Additional Investment in Certificate of Deposits	\$ (532)	
Purchase of Investments	(9)	
Purchase of Fixed Assets	(6,343)	
Proceeds from Sale of Investments	<u>3,324</u>	
Net Cash Used by Investment Activities		(3,560)
<u>Cash Flows from Financing Activities</u>		
Payments on Mortgage	\$ (10,932)	
Line of Credit Payments	<u>(5,993)</u>	
Net Cash Used by Financing Activities		<u>(16,925)</u>
<u>Increase in Cash</u>		\$ 1,868
<u>Cash - Beginning of Year</u>		<u>85,571</u>
<u>Cash - End of Year</u>		<u>\$ 87,439</u>
<u>Other Required Disclosures</u>		
Taxes Paid: \$0		
Interest Paid: \$16,095		

Non-Cash Transactions

The inventory of in-kind donated items increased \$11,713.
During the year, donated stocks of \$5,353 were received, of which \$3,422 were sold.

See notes to financial statements

Good Samaritan Ministries, Inc.
Johnson City, Tennessee
Notes to Financial Statements
June 30, 2019

Note 1 Summary of Significant Accounting Policies

Nature of Activities

The Good Samaritan Ministries, Inc. (the Ministry) is a nonprofit corporation dedicated to supporting the ministry of Jesus Christ by providing relief for the poor, the sick, and the destitute. The Ministry provides assistance in the form of food, medication assistance, rent, mortgage assistance, utility payments, transportation, school supplies and agency service coordination and referrals.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are classified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. All other contributions are recorded as received.

(Continued)

Good Samaritan Ministries, Inc.
Johnson City, Tennessee
Notes to Financial Statements (Continued)
June 30, 2019

Note 1 Summary of Significant Accounting Policies (Continued)

Contributions of non-cash assets are recorded at their fair values in the period received. Contributions of services that require specialized skills that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received. Good Samaritan Ministries, Inc. receives a significant amount of donated services from unpaid volunteers. When the criteria for recognition has been satisfied, the donated services are recorded at fair value.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

Good Samaritan Ministries, Inc. is exempt under section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Ministry is not a private foundation.

Receivables

Receivables consist of balances due from grants that reimburse the Ministry for grant related expenses. To receive the grant proceeds, the Ministry must incur the related cost and then process the required request for reimbursement. The funds are due when billed. Since the Ministry is approved for the grants prior to incurring the related cost, management would only establish an allowance for uncollectible accounts when the grantor challenges the reimbursement claim under the terms of the grant documents. Management would write off any receivable as uncollectible when they determine that the grantor will not settle the claim.

Cash

For purposes of the statement of cash flows, cash consists of cash in bank.

Accounting for Uncertainty in Income Taxes

As of June 30, 2019, the Ministry has no income tax positions, as defined in the provisions of FASB Codification 740-10, *Accounting for Uncertainty in Income Taxes* and has not incurred related interest or penalties. If incurred, the Ministry's policy is to deduct interest and penalties that relate to tax positions as management and general expenses. In general, federal tax returns are subject to examination for three years and five years for most state and local returns.

(Continued)

Good Samaritan Ministries, Inc.
Johnson City, Tennessee
Notes to Financial Statements (Continued)
June 30, 2019

Note 1 Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost or, at fair market value if donated, at the time of acquisition and depreciated over their estimated useful lives. Amortization of software is included in depreciation.

Functional Allocation of Expenses

The costs of providing the Ministry's various programs and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on specific identification and estimates.

Inventory

The Ministry maintains two separate inventories of donated items. The first consists primarily of food supplies, other personal needs and new clothing. This inventory is recorded at fair market value. The second inventory consists of thrift store merchandise and is recorded at estimated net realizable value.

Investments

Investments are carried at the quoted market value of the securities. Investment return consists of investment income, realized gain (loss) and unrealized gain (loss). All investment return is considered operating income (loss).

Advertising Costs

Advertising costs are expensed as incurred.

Note 2 Liquidity & Availability

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 87,439
Other Assets (Certificate of Deposit and Investments)	32,700
	<u>\$ 120,139</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	\$ 20,306
Net assets with board designated restrictions	0
	<u>\$ 20,306</u>
Financial assets available to meet general expenditures:	
Over the next twelve months	<u>\$ 99,833</u>

(Continued)

Good Samaritan Ministries, Inc.
Johnson City, Tennessee
Notes to Financial Statements (Continued)
June 30, 2019

Note 3 Net Assets

Good Samaritan Ministries, Inc. has the following restrictions on net assets at June 30th.

With Donor Restrictions

Food	\$ 15,971
Benevolence	4,335
Total Net Assets with Donor Restrictions	<u>\$ 20,306</u>

Note 4 Investments

Investments are carried at fair market value. The fair value of Good Samaritan Ministries, Inc.'s investments is based on quoted market prices of similar investments (level one inputs). The amount of investments subject to an investment risk is \$1,961.

	<u>Level One Inputs</u>
Money Market Funds	\$ 9
Stocks	1,952
Total Investments	<u>\$ 1,961</u>

Investment return is summarized as follows:

Interest Income	\$ 1
Dividend Income	16
Unrealized Losses	0
Unrealized Gains	21
Realized Losses	(98)
Total Investment Return (Loss)	<u>\$ (60)</u>

A brief description of the investment objectives of these funds are as follows:

Money Market – Realization of income, stability of capital and convenient access to funds.

Stocks – Realization of income and stability of capital.

Note 5 In-Kind Contributions

Following is a summary of donated goods and services:

Furniture and Clothing	\$ 256,347
Special Programs	1,017,063
Food and Supplies	339,039
Melting Pot Program	1,203,025
Diapers, Medical, Toiletries, and Other	2,440
Professional Services	125,973
Total In-Kind Contributions	<u>\$2,943,887</u>

(Continued)

Good Samaritan Ministries, Inc.
Johnson City, Tennessee
Notes to Financial Statements (Continued)
June 30, 2019

Note 6 Mortgage Payable

The Renasant Bank mortgage terms are:

Monthly Payment	\$ 2,016
Interest Rate	5.49%
Maturity Date	July 25, 2023
Collateral	Deed of Trust
Balance Due	\$ 234,717

Principal Payments due as follows:

<u>Fiscal</u> <u>Year End</u>	
2020	\$ 11,594
2021	12,247
2022	12,936
2023	13,665
2024	<u>184,275</u>
	<u>\$ 234,717</u>

Note 7 Functional Allocation of Expenses

The purpose of the allocation of expenses to functions is to reflect the program and supporting service costs to the function benefited. Expenses related solely to a single function have been allocated entirely to that function. Other expenses have been allocated based on various estimated allocation formulas.

Note 8 Concentrations

The Ministry must rely on the residents of the Tri-Cities, Tennessee region for its support through contributions.

Note 9 Line of Credit - Renasant Bank

The Ministry has an outstanding line of credit with Renasant Bank at a variable rate of interest which is the U.S. Prime Rate as published in the Wall Street Journal. The note is secured by real property. The line of credit matures on March 20, 2021.

Amount of Line Available	\$ 75,000
Amount of Debt Outstanding	<u>49,655</u>
Amount of Unused Line of Credit	<u>\$ 25,345</u>

(Continued)

Good Samaritan Ministries, Inc.
Johnson City, Tennessee
Notes to Financial Statements (Continued)
June 30, 2019

Note 10 Intangible Assets

The Company has one class of intangible assets. The class is subject to amortization summarized as follows:

<u>Classification</u>	<u>Number of Items Included</u>	<u>Original Cost</u>	<u>Accumulated Amortization</u>	<u>Year End Book Value</u>
Prepaid Loan Cost	1	\$ <u>1,860</u>	\$ <u>1,860</u>	\$ <u>0</u>

Note 9 Subsequent Events

Subsequent events for Good Samaritan Ministries, Inc. were evaluated by management up to November 4, 2019, which is the financial statement issuance date. Management has determined there were no subsequent events requiring adjustment to the financial statements or disclosures.

Note 11 Other Required Disclosures

Depreciation expense for the year was \$34,221.

Amortization expense for the year was \$25.

Interest incurred and charged to expense during the year was \$16,167.

Advertising for the year was \$2,995.