

Good Samaritan Shelter
Audited Financial Statements
June 30, 2022

Good Samaritan Shelter

Table of Contents

	<u>Page</u>
Audited Financial Statements:	
Independent Auditors' Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7



Moss, Levy & Hartzheim LLP

Certified Public Accountants

Independent Auditors' Report

To the Board of Trustees of
Good Samaritan Shelter

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Good Samaritan Shelter (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 present fairly, in all material respects, the financial position of the Good Samaritan Shelter 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 of the United States. 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 the Good Samaritan Shelter 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Good Samaritan Shelter's 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 generally accepted auditing standards 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 material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Good Samaritan Shelter’s 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 the Good Samaritan Shelter’s 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2023, on our consideration of the Good Samaritan Shelter’s 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 solely 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 the effectiveness of the Good Samaritan Shelter’s 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 the Good Samaritan Shelter’s internal control over financial reporting and compliance.

Moss, Renz & Halzheim LLP

Santa Maria, California
May 11, 2023

Good Samaritan Shelter
Statement of Financial Position
June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 1,452,591	\$ 1,188,000	\$ 2,640,591
Accounts/grants receivable	2,580,604		2,580,604
Investments	1,497,363		1,497,363
Prepaid expenses	190,456		190,456
Employee advances	1,642		1,642
Gift cards	847		847
Total current assets	<u>5,723,503</u>	<u>1,188,000</u>	<u>6,911,503</u>
Long term assets			
Grants receivable		279,099	279,099
Property and equipment net of accumulated depreciation	13,810,908		13,810,908
Total long term assets	<u>13,810,908</u>	<u>279,099</u>	<u>14,090,007</u>
Total assets	<u>\$ 19,534,411</u>	<u>\$ 1,467,099</u>	<u>\$ 21,001,510</u>
Liabilities and net assets			
Current liabilities			
Accounts payable	\$ 247,185	\$ -	\$ 247,185
Rental deposits	32,587		32,587
Unearned revenue	78,500		78,500
Payroll liabilities	207,404		207,404
Accrued vacation payable	238,780		238,780
Wages payable	200,373		200,373
Total current liabilities	<u>1,004,829</u>		<u>1,004,829</u>
Long term liabilities			
Long-term debt	7,508,709		7,508,709
Total long-term liabilities	<u>7,508,709</u>		<u>7,508,709</u>
Total liabilities	<u>8,513,538</u>		<u>8,513,538</u>
Net assets			
Without donor restrictions			
Undesignated	9,524,858		9,524,858
Board designated	1,496,015		1,496,015
With donor restrictions			
Restricted for loan forgiveness		1,467,099	1,467,099
Total net assets	<u>11,020,873</u>	<u>1,467,099</u>	<u>12,487,972</u>
Total liabilities and net assets	<u>\$ 19,534,411</u>	<u>\$ 1,467,099</u>	<u>\$ 21,001,510</u>

The accompanying notes are an integral part of these financial statements.

Good Samaritan Shelter
Statement of Activities
For The Fiscal Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Support:			
Contributions	\$ 212,737	\$ -	\$ 212,737
Private foundation grants	95,500	1,188,000	1,283,500
Program grants-government	8,269,650		8,269,650
Total support	<u>8,577,887</u>	<u>1,188,000</u>	<u>9,765,887</u>
Revenue:			
Contract revenue from government agencies	4,936,012		4,936,012
Miscellaneous income	61,069		61,069
Rental income	534,089		534,089
Client fees	16,300		16,300
Loan forgiveness	260,153		260,153
Investment income	(215,323)		(215,323)
Total revenue	<u>5,592,300</u>		<u>5,592,300</u>
Net assets released from restrictions:			
Satisfaction of restrictions	388,589	(388,589)	
Total support and revenue	<u>14,558,776</u>	<u>799,411</u>	<u>15,358,187</u>
Expenses			
Program services:			
Direct program costs	12,554,797		12,554,797
Total program services	<u>12,554,797</u>		<u>12,554,797</u>
Support services:			
Management and general	1,661,998		1,661,998
Total support services	<u>1,661,998</u>		<u>1,661,998</u>
Total expenses	<u>14,216,795</u>		<u>14,216,795</u>
Change in net assets	341,981	799,411	1,141,392
Net assets at beginning of fiscal year	<u>10,678,892</u>	<u>667,688</u>	<u>11,346,580</u>
Net assets at end of fiscal year	<u>\$ 11,020,873</u>	<u>\$ 1,467,099</u>	<u>\$ 12,487,972</u>

The accompanying notes are an integral part of these financial statements.

Good Samaritan Shelter
Statement of Functional Expenses
For The Fiscal Year Ended June 30, 2022

	Program	Support Services		Total
	Services	Management	Total Support	
	Direct	and General	Services	
	Program			
	Costs			
Salaries and wages	\$ 6,644,063	\$ 834,219	\$ 834,219	\$ 7,478,282
Payroll taxes and employee benefits	1,379,135	243,453	243,453	1,622,588
Total personnel costs	8,023,198	1,077,672	1,077,672	9,100,870
Auto expenses	207,889	7,171	7,171	215,060
Bank fees		1,865	1,865	1,865
Contract services	525,041	103,136	103,136	628,177
Drug testing	52,024	650	650	52,674
Dues and subscriptions	3,557	483	483	4,040
Education & training	10,709	5,157	5,157	15,866
Equipment rent	43,105	3,481	3,481	46,586
Govt fees and charges	31,434	1,840	1,840	33,274
Contract writing		77,880	77,880	77,880
Interest expense		80,294	80,294	80,294
Insurance	295,421	7,032	7,032	302,453
Investment expense		19,400	19,400	19,400
Laundry	10,563			10,563
Legal and professional fees	5,179	134,619	134,619	139,798
Licenses and permits	26,558	142	142	26,700
Meetings and seminars	1,085	2,910	2,910	3,995
Meals and entertainment		8,640	8,640	8,640
Office supplies	124,768	38,279	38,279	163,047
Program supplies	221,109	21,006	21,006	242,115
Program supplies-food	233,078			233,078
Reimbursable expenses	972,307			972,307
Repairs & maintenance	261,794	22,678	22,678	284,472
Rental of buildings	492,136	3,150	3,150	495,286
Telephone/internet services	129,338	25,506	25,506	154,844
Travel expenses	9,726	5,698	5,698	15,424
Utilities	287,733	4,537	4,537	292,270
Total expenses before depreciation	11,967,752	1,653,226	1,653,226	13,620,978
Depreciation	587,045	8,772	8,772	595,817
Total Expenses	\$ 12,554,797	\$ 1,661,998	\$ 1,661,998	\$ 14,216,795

The accompanying notes are an integral part of these financial statements.

Good Samaritan Shelter
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2022

	Unrestricted	Temporarily Restricted	Total
Cash flows from operating activities			
Increase/(Decrease) in net assets	\$ 341,981	\$ 799,411	\$ 1,141,392
Adjustments to reconcile increase/(decrease) in net assets to net cash provided by operating activities:			
Depreciation	595,817		595,817
Accrued interest	80,294		80,294
Loan forgiveness	(260,153)		(260,153)
Investment income	215,323		215,323
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	119,979		119,979
Grants receivable		388,589	388,589
Employee advances	(1,096)		(1,096)
Prepaid expenses	(110,077)		(110,077)
Increase (decrease) in:			
Accounts payable and accrued expenses	19,663		19,663
Unearned revenue	25,659		25,659
Salaries and employee benefits payable	254,708		254,708
Rental deposits	11,287		11,287
Net cash provided by operating activities	<u>1,293,385</u>	<u>1,188,000</u>	<u>2,481,385</u>
Cash flows from investing activities			
Payments related to the acquisition of assets	<u>(1,180,776)</u>		<u>(1,180,776)</u>
Net cash (used) by investing activities	<u>(1,180,776)</u>		<u>(1,180,776)</u>
Cash flows from financing activities			
Retirement of loans	(421,739)		(421,739)
Proceeds from loans	92,951		92,951
Net cash provided by financing activities	<u>(328,788)</u>		<u>(328,788)</u>
Net decrease in cash and equivalents	(216,179)	1,188,000	971,821
Cash and cash equivalents at beginning of fiscal year	<u>1,668,770</u>		<u>1,668,770</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 1,452,591</u>	<u>\$ 1,188,000</u>	<u>\$ 2,640,591</u>
Supplementary cash flow disclosures:			
Cash paid for interest	<u>\$ -</u>		

The accompanying notes are an integral part of these financial statements.

GOOD SAMARITAN SHELTER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

Note 1: Organization

Good Samaritan Shelter first came into existence as a temporary evening shelter for the homeless in various area churches in Santa Maria, California. Under the guidance of the North County Project Group, Good Samaritan Shelter was established in 1987. Good Samaritan Shelter (the Organization) is a not-for-profit corporation organized to provide emergency, transitional and affordable housing with support services to the homeless and those in recovery throughout the Central Coast.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements of Good Samaritan Shelter have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation:

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Use of Estimates:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from those estimated amounts.

Cash and Cash Equivalents:

Cash and cash equivalents include all monies in banks and temporary investments which are readily convertible into cash within ninety (90) days of purchase.

Investments:

Fair Value of Financial Instruments

Good Samaritan Shelter determines the fair market values of certain financial instruments based on the fair value hierarchy established in Statement of Financial Accounting Standards (SFAS), *Fair Value Measurements*, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

GOOD SAMARITAN SHELTER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

Note 2: Summary of Significant Accounting Policies (Continued)

Investments (continued):

Fair Value of Financial Instruments (continued):

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs (other than Level 1 prices) such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the factors that market participants would use in pricing an asset or liability.

All of Good Samaritan Shelter's investments are considered to be Level 1 investments.

Inventories:

The Organization holds no inventory for sale.

Capital Assets and Depreciation:

Purchased property and equipment is recorded at cost. Property construction-in-progress is stated at cost and not depreciated. Such property is transferred to property, plant and equipment upon completion. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions 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 restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts, and any resulting gain or loss is recorded in the Statement of Activities. Maintenance and repairs are included as expenses when incurred.

Property and equipment are depreciated using the straight-line method by charges to revenue at rates based upon the estimated useful lives of the respective assets as follows:

Building & improvements	5 — 39 years
Furniture & fixtures	5 — 7 years
Machinery & equipment	5 — 7 years

Program Activities:

Program activities include, but are not limited to; employment assistance, shelter, children's services, drug and alcohol treatment, housing assistance, programs for pregnant and parenting women with dual diagnosis issues, medical and mental health screening, training, counseling, clothing, and food.

Contributions:

Contributions, which include unconditional promises to give (i.e. pledges), are recognized as revenues in the period the promise was received by the Organization. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. As of June 30, 2022, Good Samaritan Shelter has received no pledges of contributions to be received after one year. Accordingly, neither discounts nor amortization of discounts have been recorded as additional contribution revenue.

GOOD SAMARITAN SHELTER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

Note 2: Summary of Significant Accounting Policies (Continued)

In-Kind Contributions:

Good Samaritan Shelter receives contributed time from volunteers. These volunteers have made a significant contribution of services to develop the Organization's programs, fundraising activities, educational projects, and operations without receiving compensation. Except for donated professional services, services that will create or enhance an asset, or other services that are paid directly by another organization, the financial statements do not reflect the value of those contributed services, in accordance with SFAS No. 116.

Revenue Recognition:

The Organization adopted ASC 958-605, *Not for Profit Entities, Revenue Recognition*. In accordance with ASC 958, contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Advertising and Promotional Expenses:

Good Samaritan Shelter had \$0 in fundraising expenses during the fiscal year.

Earnings on the Investment of Endowment and Similar Funds:

Income, realized net gains, and unrealized net gains on the investment of endowment and similar funds are reported as increases in net assets with donor restrictions or without donor restrictions according to the terms of the gifts. As of June 30, 2022, Good Samaritan Shelter had board designated quasi-endowment funds in the amount of \$1,496,015.

Conflict-of-Interest Policies:

Included among the Organization's Board members and committee members are volunteers from the community who provide valuable assistance to the Organization in the development of policies and programs, and in the evaluation and oversight of services. The Organization has established a conflict-of-interest policy whereby Board and committee members must advise the Board of Directors of any direct or indirect interest in any transaction or relationship with the Organization, and not participate in discussions and decisions regarding any action affecting their individual, professional, or business interests.

Concentration of Credit Risk:

Credit risk is the failure of another party to perform in accordance with the contract terms. Financial instruments which potentially subject Good Samaritan Shelter to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and receivables.

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The Organization deposits its cash with high quality financial institutions, and management believes the Organization is not exposed to significant credit risk on these amounts. The Organization is required by ASC 825-50, *Financial Instruments, Concentrations of Credit Risk of All Financial Instruments*, to disclose significant concentrations of credit risk regardless of the degree of risk.

With respect to receivables, the Organization routinely assesses the financial strength of its debtors and believes that the receivables credit risk exposure is limited.

A significant portion of the Organization's revenues and grants receivable consists of Federal, California State, and local government grants and contracts. These revenues and grants are earned by the Organization based on its services to individuals in Santa Barbara County.

GOOD SAMARITAN SHELTER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

Note 2: Summary of Significant Accounting Policies (Continued)

Tax Status:

Good Samaritan Shelter is a charitable organization and has been granted tax-exempt status by the Internal Revenue Service and the Franchise Tax Board under Code Sections 501(c)(3) and 23701(d), respectively. Good Samaritan Shelter has made no provision for income taxes in the accompanying financial statements.

The Organization had no unrelated business income as defined by the Internal Revenue Code, during the fiscal year ended June 30, 2022. Therefore, Good Samaritan Shelter has made no provision for income taxes in the accompanying financial statements. The Organization follows FAS ASC 740, *Income Taxes*. FAS ASC 740 provides guidance on how uncertain tax provisions should be recognized, measured, presented and disclosed in the financial statements. FASB ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions would "more-likely-than not" be sustained if challenged by the applicable tax authority. Tax positions not deemed to meet the more-likely than not threshold would be recorded as a tax benefit or expense in the current year. Management has evaluated the implications of FASB ASC 740 and does not believe it has a material impact on the 2022 Statement of Financial Position of the Organization. Management is unaware of any unrecognized tax positions in existence as of June 30, 2022. Internal Revenue Service Forms 990 filed by the Organization are subject to examination up to three years from the extended due date of each return. Forms 990 filed by the Organization are no longer subject to examination for the fiscal years ended June 30, 2018, and prior.

Functional Allocation of Expenses:

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Functional Expenses. Direct costs are charged directly to the appropriate program. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Joint costs such as insurance, rent and facility maintenance are allocated based upon the number of full-time employee equivalents associated with each program for the fiscal year ended June 30, 2022. The allocations are based on current data.

Unearned Revenue:

Unearned revenue is money received by the Organization for which a service has not yet been fulfilled and is initially recorded as a liability. Revenue is recognized as services are provided for which the money was received.

Note 3: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 are:

Financial Assets	
Cash and cash equivalents	\$ 2,640,591
Investments	1,497,363
Accounts/Grants receivable	2,580,604
Less:	
Board Designated Funds	(1,496,015)
Donor Restrictions	<u>(1,467,099)</u>
Amounts available for expenditure within one year	<u>\$ 3,755,444</u>

The Organization also has a line of credit available if needed.

Note 4: Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

Endowment investments: stock, exchange-traded funds, and mutual funds included in the endowment are valued at the closing price reported on the active market on which the individual funds and stocks are traded.

GOOD SAMARITAN SHELTER
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2022

Note 4: Fair Value Measurements (Continued)

The table on the following page sets forth, by level within the fair value hierarchy, the Good Samaritan Shelter's assets at fair value at June 30, 2022.

Description:	June 30, 2022	Quoted Prices in Active Markets for Identical Assets Level 1	Significant other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investment assets:				
Rite Aid Corp Stock	\$ 1,348	\$ 1,348	\$ -	\$ -
Total	<u>\$ 1,348</u>	<u>\$ 1,348</u>	<u>\$ -</u>	<u>\$ -</u>

The Good Samaritan Shelter also has investments with the Santa Barbara Foundation in the amount of \$1,497,363. This external pool is not measured under Level 1, 2, or 3.

Note 5: Cash and Cash Equivalents

Cash in banks consisted of the following at June 30, 2022:

Pacific Premier	\$ 60,122
Community Bank	21,310
Pacific Western Bank	<u>2,557,589</u>
	<u>\$ 2,639,021</u>

Custodial Credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, an organization will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Organization holds balances over the FDIC threshold of \$250,000 at Pacific West Bank.

The Good Samaritan Shelter also had cash on hand totaling \$1,570.

Note 6: Accounts Receivable / Grants Receivable

Accounts receivable consists of amounts due to the Organization for services provided to clients for shelter service, rehabilitation counseling and monitoring related to alcohol and substance abuse. The Organization has historically not had collection problems and therefore does not record an allowance for doubtful accounts. The accounts receivable due at June 30, 2022 is \$2,580,604 and is detailed on the next page:

GOOD SAMARITAN SHELTER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

Note 6: Accounts Receivable / Grants Receivable (Continued)

CA Office of Emergency Services	\$ 59,719
County of San Luis Obispo Behavioral Wellness	5,400
Dignity Health/Marian Medical	25,852
Housing Authority of the County of SB	56,238
SB County Behavioral Wellness	761,588
SB County Housing and Community Development	1,290,884
SB County Human Services	37,637
SB County Probation	78,883
SB County Sheriffs	38,601
SB County Cal Works	6,663
VA	78,479
VA-SSVF	99,077
People Helping People	1,805
Misc/Various	39,778
Total accounts receivable	<u>\$ 2,580,604</u>

Note 7: Property and Equipment

The following is a summary of Good Samaritan Shelter's fixed assets as of June 30, 2022:

Vehicles	\$ 465,804
Equipment	304,739
Land	1,218,612
Buildings & Improvements	<u>17,160,598</u>
Total cost	19,149,753
Less: accumulated depreciation	<u>(5,338,845)</u>
Property and equipment-net	<u>\$ 13,810,908</u>

Note 8: Notes Payable

As of June 30, 2022, Good Samaritan Shelter has a total of 26 long term loans outstanding. The loans are mortgages encumbering the Morrison property and improvements complex, the East Tunnell property and improvements, the Hermosa property and improvements, the Pine Street property, and two Lompoc properties and improvements. The lenders of all but one loan are governmental entities; i.e. city, county or state agencies. The loan agreements associated with 21 of the 26 government loans contain forgiveness provisions and no monthly payment obligations. The Organization fully expects to fulfill all conditions for forgiveness.

Eleven loans specifically provide for forgiveness proration over the lives of the loans. The carrying amount is reduced an equal amount each year resulting in a zero balance at maturity.

The Organization prorates the forgiveness over the lives of the four large non-zero interest rate loans granted by the State of California in order to address the issue of large revenue spikes which would cause misinterpretation of the Organization's financial condition and regularity of revenue at the maturity dates of the loans. The carrying amounts of the loans are not reduced. The forgiveness proration is recorded as a receivable increased by an equal amount each year, which at maturity will result in a balance equal to the carrying amount of the loan, to be adjusted to zero against the forgiven loan balance.

Details of the 21 Good Samaritan Shelter loans which contain forgiveness provisions and no monthly payment obligations are summarized on the next page.

GOOD SAMARITAN SHELTER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

Note 8: Notes Payable (Continued)

Lender	Year Issued	Rate	Duration	Balance at June 30, 2022	Terms/Maturity FY
City of Santa Maria	2020			\$ 35,669	
City of Santa Maria	2011	0%	10 yrs	567	10% yrly/2021
City of Santa Maria*	2012	0%	15 yrs	386,580	10% yrly/2027
City of Santa Maria	2013	0%	10 yrs	2,035	10% yrly/2023
State of CA	2013	3%	10 yrs	319,557	Maturity/2023
City of Santa Maria*	2014	0%	10 yrs	179,019	Maturity/2024
City of Santa Maria	2014	0%	10 yrs	15,249	Maturity/2024
City of Santa Maria	2014	0%	10 yrs	12,694	Maturity/2024
City of Santa Maria	2020	0%	15 yrs	450,000	Maturity/2035
City of Santa Maria	2014	0%	10 yrs	4,555	Maturity/2024
City of Santa Maria	2016	0%	10 yrs	30,343	Maturity/2026
Santa Barbara County	2016	0%	15 yrs	475,000	Maturity/2031
City of Lompoc	2017	0%	10 yrs	85,000	Maturity/2027
County of Santa Barbara	2017	0%	15 yrs	550,000	Maturity/2032
City of Santa Maria	2018	0%	5 yrs	3,389	Maturity/2023
City of Santa Maria	2018	0%	15 yrs	316,701	Maturity/2033
City of Santa Maria	2018	0%	10 yrs	225,126	Maturity/2028
City of Santa Maria	2021	3%	15 yrs	496,148	Maturity/2036
City of Santa Maria	2021	10%	20 yrs	288,415	Maturity/2041
City of Santa Maria	2018	0%	10 yrs	42,220	Maturity/2028
City of Santa Maria	2022	0%	10 yrs	92,951	
Total long-term liabilities to be forgiven				<u>\$ 4,011,218</u>	

*Loan forgiveness will not begin until the fifth year.

Details of the five Good Samaritan Shelter loans which do not contain forgiveness provisions are summarized below.

Lender	Date Issued	Rate	Duration	Balance at June 30, 2022	Monthly Payments	Maturity Date
Santa Barbara County	05/09/08	3.00%	30 yrs	\$ 103,370	Residual Receipts	Due in 2038
City of Lompoc	05/20/08	0.00%	12 yrs	250,000	Residual Receipts	Due in 2020
City of Lompoc	09/29/10	3.00%	30 yrs	313,670	Residual Receipts	Due in 2040
Santa Barbara County	08/09/11	3.00%	50 yrs	2,717,864	Residual Receipts	Due in 2061
Santa Barbara County	11/04/97	0.00%	30 yrs	112,587	Residual Receipts	Due in 2027
Total long-term liabilities to not be forgiven				<u>\$ 3,497,491</u>		
Total long-term liabilities				<u>\$ 7,508,709</u>		

No principal payments were made for the fiscal year ending June 30, 2022.

The Residual Receipts provisions of the above loans require that the Organization make loan payments only if revenues from the encumbered facility exceed costs. Due to the lack of predictability of residual receipts, no provision for principal payments is included in the anticipated list of maximum principal payments listed below.

Note 9: Line of Credit

The Organization has a line of credit with PacWest Bank. The line carries a variable rate of interest. All outstanding balances have been paid off as of June 30, 2022.

GOOD SAMARITAN SHELTER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

Note 10: Interest Expense

As of June 30, 2022, Good Samaritan Shelter recorded total interest expense amounted to \$80,294 consisting of mortgage interest on the Organization's long-term liabilities and loan forgiveness from forgiveness provisions on loans. Interest has been recorded as accrued interest on deferred loans, increasing the balances of the associated long-term liabilities.

Note 11: Restrictions and Limitations on Net Asset Balances

Board-Designated Net Assets:

The total net assets without donor restrictions at June 30, 2022 is \$11,020,873 which includes \$1,496,015 of board designated net assets.

Net Assets with Donor Restrictions:

For the period July 1, 2021 through June 30, 2022, Good Samaritan Shelter had a total of \$260,153 loan forgiveness revenue (without donor restrictions and with donor restrictions).

At June 30, 2022, net assets with donor restrictions totaled \$1,467,099, and was partially comprised of accounts receivables designated as forgiveness on State of California loans shown below:

Clean Sober Living (607 E. Hermosa, Santa Maria, CA)	<u>\$ 279,099</u>
Total temporarily restricted net assets	<u>\$ 279,099</u>

The remaining \$1,188,000 were donor restricted funds that were not expended as of 6/30/22.

As of June 30, 2022, there were \$1,496,015 of board designated net assets without donor restrictions. The funds are long-term investments. The board reserves the right to change the policy at any time. The four-member investment/finance committee, comprised of active board members, is authorized to make investment recommendations.

Note 12: Vacation Payable

At June 30, 2022, it is estimated that the Good Samaritan Shelter's employees have \$238,780 of accumulated vested vacation time. Accumulated unpaid employee vacation leave benefits are recognized as liabilities of the Organization.

The accumulated benefits will be liquidated in future years as employees elect to use them.

Note 13: Commitments

As of June 30, 2022, the Organization has no financial commitments which are not associated with its long-term liabilities.

Note 14: Contingent Liabilities

The Organization received a number of grants from various governmental agencies. These grants are subject to audit by the corresponding oversight organization as to allowable costs paid with governmental funds and as to the share of costs contributed by the Organization. The Organization would be liable up to the full amount of governmental funds expended should costs charged to the project be disallowed.

Good Samaritan Shelter records the Emergency Shelter, the Detox Center, the Dining Hall, the Family Transitional Shelter, and the Casa de Familia Apartments as separate fixed assets. These properties are a single legal entity, assessor's parcel number 123-172-14. Compliance with the loan agreements, regulatory agreements, and trust deeds encumbering them, is contingent upon the successful fulfillment of the terms of any single one of them.

Note 15: Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available for issuance which is May 11, 2023.