

SAMARITAN HOUSE

JUNE 30, 2022

INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

Samaritan House

Independent Auditors' Report and Financial Statements

Independent Auditors' Report	1 - 3
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Financial Statements

Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 21



Independent Auditors' Report

THE BOARD OF DIRECTORS
SAMARITAN HOUSE
San Mateo, California

Opinion

We have audited the accompanying financial statements of **SAMARITAN HOUSE (the Organization)**, which comprise the statement of financial position as of June 30, 2022, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year from the date of this report.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 Organization'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 Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
October 17, 2022

Samaritan House

Statement of Financial Position

<i>June 30, 2022 (With comparative totals for 2021)</i>	2022	2021
Assets:		
Cash and equivalents	\$ 14,261,128	\$ 15,450,968
Investments	6,712,985	5,998,950
Funds held in trust	533,843	460,242
Bequests receivable	60,000	6,619
Grants receivable	4,320,241	2,203,737
Prepaid expenses and other assets	643,338	285,093
Property and equipment, net	8,398,026	8,302,960
Total assets	\$ 34,929,561	\$ 32,708,569
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 513,778	\$ 545,657
Accrued payroll and paid time off	858,821	781,024
Funds held in trust	533,843	445,742
Notes payable	176,505	222,428
Total liabilities	2,082,947	1,994,851
Net Assets:		
Without donor restrictions:		
Undesignated	19,687,874	21,213,020
Board designated reserves	9,785,587	5,801,584
Total without donor restrictions	29,473,461	27,014,604
With donor restrictions	3,373,153	3,699,114
Total net assets	32,846,614	30,713,718
Total liabilities and net assets	\$ 34,929,561	\$ 32,708,569

The accompanying notes are an integral part of this statement.

Samaritan House

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2022 (With comparative totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Recurring Support and Revenue:				
Contributions	\$ 3,846,452	\$ 615,088	\$ 4,461,540	\$ 5,078,793
Bequests	137,071	10,193	147,264	11,620
Government grants	8,560,945	356,700	8,917,645	9,038,037
Healthcare district grants		1,778,154	1,778,154	1,217,953
Foundation grants	1,782,720	1,338,694	3,121,414	5,740,672
Business and corporate	902,908	986,764	1,889,672	1,559,847
Special event revenue	901,815		901,815	889,058
Special event direct expenses	(81,968)		(81,968)	(80,340)
Donated goods and services	8,449,382		8,449,382	6,900,744
Rental income	176,769		176,769	173,448
Net investment income	(754,516)		(754,516)	984,576
Miscellaneous income	96,692		96,692	323,619
Net assets released from restrictions	5,411,554	(5,411,554)	-	-
Total support and revenue	29,429,824	(325,961)	29,103,863	31,838,027
Expenses:				
Program services:				
Client services	3,076,918		3,076,918	1,886,454
Food services	7,761,133		7,761,133	6,223,927
Kids Closet	438,975		438,975	241,035
Homelessness prevention	2,639,829		2,639,829	7,540,573
Shelter Services	4,395,232		4,395,232	3,092,171
Holiday assistance	329,264		329,264	274,038
Medical and dental clinics	3,991,688		3,991,688	3,642,075
Worker resource center	334,323		334,323	273,993
Coordinated entry services	943,149		943,149	984,234
Total program expense	23,910,511		23,910,511	24,158,500
Supporting services:				
Management and general	1,590,998		1,590,998	1,292,183
Fundraising	1,469,458		1,469,458	1,299,717
Total expenses	26,970,967	-	26,970,967	26,750,400
Change in Net Assets from Operations	2,458,857	(325,961)	2,132,896	5,087,627
Other Changes in Net Assets:				
Forgiveness of Paycheck Protection Plan Loan			-	757,700
Total Change in Net Assets	2,458,857	(325,961)	2,132,896	5,845,327
Net Assets, Beginning of year	27,014,604	3,699,114	30,713,718	24,868,391
Net Assets, End of year	\$ 29,473,461	\$ 3,373,153	\$ 32,846,614	\$ 30,713,718

The accompanying notes are an integral part of this statement.

Samaritan House

Statement of Functional Expenses

Year Ended June 30, 2022 (with comparative totals for 2021)

	Client Services	Food Services	Kids Closet	Homelessness Prevention	Shelter Services	Holiday Assistance	Medical and Dental Clinics	Worker Resource Center	Coordinated Entry Services	Total Program Expense	Management and General	Fundraising	Total Supporting Services	2022 Total Expenses	2021 Total Expenses
Salaries and related															
Payroll costs	\$ 836,092	\$ 544,715	\$ 14,192	\$ 160,670	\$ 2,219,517	\$ 50,206	\$ 1,371,570	\$ 150,178	\$ 584,705	\$ 5,931,845	\$ 997,889	\$ 872,804	\$ 1,870,693	\$ 7,802,538	\$ 7,304,118
Employee benefits	136,380	84,672	1,285	18,854	327,400	5,867	195,966	29,056	74,981	874,461	91,378	87,621	178,999	1,053,460	882,480
Temporary staffing	1,439,546	432,875	32	30,446	288,333	30,347	251,393	8,506	73,939	2,555,417	130,661	152,809	283,470	2,838,887	843,604
Donated services							841,782			841,782				841,782	776,924
Donated facilities					444,762			66,548		511,310				511,310	411,761
Employee training	5,164	2,251	158		8,697	235	6,954	562	2,315	26,336	1,806	2,284	4,090	30,426	23,208
Equipment rental	7,623	39,029	69	315	15,228	533	4,060	927	4,551	72,335	3,683	4,048	7,731	80,066	42,190
Client food, clothing, education and shelter	78	84,645	23,475		55,205	145,284	21,699	3,120		333,506	34		34	333,540	254,075
Client housing and emergency assistance	6,100			2,428,107	4,576				110,000	2,548,783				2,548,783	7,493,894
Client assistance of in-kind food, bus passes, medication and clothing		6,054,586	331,908		23,850	39,375	570,286			7,020,005				7,020,005	5,698,513
Insurance and taxes	11,156	19,736	14,583		11,541	742	36,739	1,082	3,032	98,611	20,394	1,709	22,103	120,714	110,384
Interest	200				409		3,664			4,273	1,123		1,123	5,396	6,493
Medical clinic supplies					320		101,789			102,109				102,109	113,931
Outreach and marketing	342	1,103			438	949	6,366	243	5,383	14,824	5,495	30,353	35,848	50,672	98,020
Outside services	383,128	172,285	12,431		528,514	18,414	186,728	40,968	39,067	1,381,535	176,857	183,373	360,230	1,741,765	888,026
Postage	8,904	176	3		592	84	495	44	42	10,340	1,610	21,908	23,518	33,858	22,281
Printing and mailing services	16,256	7,465		335	357		53		357	24,823	410	66,175	66,585	91,408	65,771
Professional fees	11,500						224			11,724	70,507		70,507	82,231	65,348
Supplies	33,051	71,414	2,157	1,045	114,283	29,098	20,063	8,847	8,436	288,394	33,302	13,662	46,964	335,358	401,181
Rent	23,627	24,657	3		8,814	3,750	125,595	333	54	186,833	86	54	140	186,973	217,769
Repairs and maintenance	31,747	46,801	17,787		242,768	331	75,125	2,029	3,990	420,578	10,452	4,628	15,080	435,658	364,194
Travel, meetings and conferences	7,644	12,291	836	17	13,188	439	2,664	685	2,235	39,999	3,583	736	4,319	44,318	40,822
Utilities and telephone	65,234	84,155	12,110	40	48,789	2,111	92,071	19,669	16,330	340,509	22,374	13,447	35,821	376,330	335,280
Total expenses before depreciation	3,023,772	7,682,856	431,029	2,639,829	4,357,581	327,765	3,915,286	332,797	929,417	23,640,332	1,571,644	1,455,611	3,027,255	26,667,587	26,460,267
Depreciation	53,146	78,277	7,946		37,651	1,499	76,402	1,526	13,732	270,179	19,354	13,847	33,201	303,380	290,133
Total expenses	\$ 3,076,918	\$ 7,761,133	\$ 438,975	\$ 2,639,829	\$ 4,395,232	\$ 329,264	\$ 3,991,688	\$ 334,323	\$ 943,149	\$ 23,910,511	\$ 1,590,998	\$ 1,469,458	\$ 3,060,456	\$ 26,970,967	\$ 26,750,400

The accompanying notes are an integral part of this statement.

Samaritan House

Statement of Cash Flows

<i>Year Ended June 30, 2022 (With comparative totals for 2021)</i>	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,132,896	\$ 5,845,327
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	303,380	290,133
Net realized and unrealized loss (gain) on investments	867,126	(930,401)
Principal forgiven on Paycheck Protection Program loan		(757,700)
In-kind donation of property and equipment	(76,285)	
Changes in operating assets and liabilities:		
Bequests receivable	(53,381)	4,416
Grants receivable	(2,116,504)	(292,237)
Prepaid expenses and other assets	(390,124)	(100,250)
Accounts payable and accrued expenses	77,797	276,506
Accrued payroll and paid time off	88,101	(32,508)
Funds held in trust	(73,601)	(13,000)
Net cash provided by operating activities	759,405	4,290,286
Cash Flows from Investing Activities:		
Purchases of investments	(1,581,161)	(232,520)
Purchases of property and equipment	(322,161)	(122,657)
Net cash used by investing activities	(1,903,322)	(355,177)
Cash Flows from Financing Activities:		
Proceeds from notes payable		29,291
Payments of principal on notes payable	(45,923)	(39,698)
Net cash used by financing activities	(45,923)	(10,407)
Net (Decrease) Increase in Cash and Cash Equivalents	(1,189,840)	3,924,702
Cash and Cash Equivalents, Beginning of Year	15,450,968	11,526,266
Cash and Cash Equivalents, End of Year	\$ 14,261,128	\$ 15,450,968
Supplemental Cash Flow Information:		
Interest paid	\$ 5,396	\$ 6,492
Principal forgiven on Paycheck Protection Program loan		\$ 757,700

The accompanying notes are an integral part of this statement.

Samaritan House

Notes to Financial Statements

Note 1 - Nature of Activities:

Samaritan House (the Organization) is a nonprofit public benefit corporation organized under the laws of the State of California to provide a comprehensive approach to meet the needs of the people in San Mateo County. These needs may include culturally specific case management, shelter, housing assistance, homelessness prevention services (i.e., rental assistance), health care, bilingual assistance, transportation, education, clothing, worker resources, household, food and emergency needs.

The Organization raises the funds necessary to provide program services to the community from individuals, organizations, foundations, government entities, local businesses, religious organizations, and through fundraising event activities.

The Organization acts as the lead agency with multiple grants in collaboration with six other non-profit organizations who cover unduplicated regions of San Mateo County providing safety net and homelessness prevention services. The Organization is also the fiscal sponsor with the San Francisco Chronicle's Season of Sharing emergency assistance fund for all of San Mateo County.

During the year ended June 30, 2022 the Organization continued to be impacted by the COVID-19 pandemic (see Note 13). While the Organization saw a decrease of contributions from the year ended June 30, 2021 as shown in the Statement of Activities, the Organization remained ahead of pre-COVID-19 level of contributions. During the year ended June 30, 2022 the community responded to the COVID-19 pandemic with significant non-recurring support to the Organization in the form of cash and in-kind contributions. These contributions will assist in providing the support to those impacted by the pandemic.

The Organization Programs:

The following programs of the Organization are to provide for the needs of low-income neighbors in San Mateo County.

Client Services

The client services program includes case management, counseling, housing assistance, financial asset building and coaching, and referrals to resources, all of which assist clients to move towards self-sufficiency through an individual service plan.

Samaritan House

Notes to Financial Statements

Food Services

The Food Services program prepares and serves hot meals for its community dining room distribution, mobile meals, kids' summer lunch and snacks program, senior centers, homeless shelter, and other community centers. The Food Pantry program distributes bags of groceries and food items in the pantry daily. Food distributions in collaboration with the Second Harvest Food Bank provide fresh produce and additional food items with the Produce Mobile and Family Harvest distributions at various sites in San Mateo County. Clients receiving food bags have continued to increase significantly in response to the pandemic.

Kids Closet and Holiday Assistance

The Kids Closet program provides quality new and used children's clothing to client families. The Holiday Assistance program provides low-income families with food and toys during the Thanksgiving and Christmas holidays.

Homelessness Prevention Assistance

The Organization receives and distributes emergency assistance funds for housing and critical family needs. Sources of funding are through the Community Service Block Grant (CSBG), local County Measure A funds, and the San Francisco Chronicle's Season of Sharing fund for the homelessness prevention services. In addition, new funding to combat the impacts of the COVID-19 pandemic were received for distribution throughout San Mateo County. The Organization acts as the lead agency in collaboration with six other non-profit service providers covering unduplicated service areas in San Mateo County to distribute funds on behalf of clients throughout San Mateo County. During the year ended June 30, 2022 the Organization led the Core Service Agency network in a project to directly assist clients countywide to access the State of California Emergency Rental Assistant Program (ERAP).

Shelter Services

Samaritan House operates two shelters: Safe Harbor Shelter and the Pacific Emergency Shelter. The Safe Harbor and Pacific Emergency Shelter program provide emergency and transitional shelter and supportive services for up to 200 men and women each night. Services include meals, bathing facilities, life management skills training, health education, access to healthcare, budgeting education, on-site case management, substance abuse support meetings, housing assistance and other supportive services. Residents work with their case manager to develop a case plan to work towards self-sufficiency and permanent housing. During June 30, 2022, the Organization partnered with the County of San Mateo and operated a homeless shelter operation at two local hotel facilities to provide safe housing for the unsheltered homeless and to reduce occupancy at Safe Harbor Shelter during the COVID-19 pandemic.

Samaritan House

Notes to Financial Statements

Medical and Dental Clinics

The San Mateo and Redwood City Free Clinics provide primary and specialty medical care to low-income residents of San Mateo County. Specialty services offered at one or both of the Free Clinics includes dentistry, gynecology, breast cancer screenings, dermatology, diabetic care, endocrinology, neurology, orthopedics, ophthalmology, pediatrics, optometry, podiatry, pulmonology, rheumatology, nutritional counseling, psychology, and psychiatry. In addition to the 16 employees, the two Free Clinics are staffed by 75 professional and administrative volunteers who provided more than 3695 hours during the fiscal year ended June 30, 2022. This number is less than the prior year due to the continued COVID-19 pandemic restrictions.

Worker Resource Center

The Worker Resource Center (WRC), established in 2003, provides a location for temporary laborers and potential employers to meet. In addition, workers receive language training, referrals and other supportive services. The WRC is managed by the Organization and is primarily funded by the City of San Mateo.

Coordinated Entry System

The Organization also manages the Coordinated Entry System (CES) program in partnership with the County of San Mateo. The CES program provides assessments, case management and other services to families and individuals seeking emergency shelter within San Mateo County so they may return to permanent housing as quickly as possible.

The Organization Supporting Services:

Management and General

These expenses include non-program related expenses essential for operating the administrative functions of the Organization. These functions include accounting, governance, strategic planning, legal, human resources, and all fiscal responsibilities of the Organization.

Fundraising

Provides the structure necessary to encourage and secure financial support from individuals, government and community agencies, foundations and corporations.

Samaritan House

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Presentation and Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization classifies its net assets and changes in net assets as follows:

Net Assets Without Donor Restriction

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. The governing board has designated, from net assets without donor restrictions, an operating and board-designated reserve totaling \$9,785,587 as of June 30, 2022.

Net Assets with Donor Restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization does not hold funds in perpetuity as of June 30, 2022.

b. Recognition of Revenue

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Government grant revenue is recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts due at June 30, 2022, are included in grants receivable and are expected to be collected in fiscal year 2023. Amounts billed or received in advance are recorded as refundable advances until the related services are performed.

Contributions are recognized at their fair value when the donor makes an unconditional promise to give to the Organization. Donor-restricted contributions are reported as increases in net assets with restrictions. When a restriction expires, restricted net assets are reclassified to net assets without restrictions.

Samaritan House

Notes to Financial Statements

Pledges which are conditional are recognized as revenue when conditions are substantially met. Unconditional pledges expected to be collected within one year are recorded as revenue and a receivable at net realizable value. Pledges expected to be collected in future years are recorded as revenue and a receivable at the present value of the expected future cash flows.

Bequests are recorded as revenue when the Organization receives notification that the court declares the will is valid and an estimate is determinable.

Donated Services, Materials and Facilities

Donated services are reported at fair value in the financial statements when those services create or enhance non-financial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Contributions of food, bus passes, equipment, medication, and clothing are recorded based on estimated fair value of identical or similar products at the time of the contribution. The use of facilities provided by the City of San Mateo and the County of San Mateo is valued on the basis of rental rates for similar facilities.

The Organization received more than 29,900 hours of donated services that do not meet the criteria for recording contributed services but are nonetheless central to the organization's operations. The value of these services is not reflected in the financial statements.

Overall volunteer service hours were less than prior year due to continued restrictions related to the COVID-19 pandemic.

c. Property and Equipment

Property and equipment are carried at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is calculated using the estimated useful life of the related asset, which is generally from three to forty years.

d. Functional Allocation of Expenses

Expenses are allocated directly to program activities if they can be specifically identified with a program. If not specifically identifiable, expenses are allocated to programs based on estimated usage by each program. These allocation ratios are reviewed periodically by management.

Management and general expenses by function have been allocated among program and supporting services classifications based upon time and usage.

Samaritan House

Notes to Financial Statements

e. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Any cash in money market funds managed by the investment advisor is included in investments – see Note 3.

f. Investments

Investments are reported at fair value with realized and unrealized gains and losses recognized in the Statement of Activities and Changes in Net Assets in the period in which they occur.

g. Fair Value Measurements

The Organization classifies its financial assets and liabilities measured at fair value on a recurring basis based on a fair value hierarchy with three levels of inputs. Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Organization's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the assets and liabilities measured at fair value.

h. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

i. Income Taxes

The Organization is a tax-exempt organization under the provisions of the Internal Revenue Code, Section 501(c)(3), and the California Revenue and Taxation Code, Section 23701(d). Accordingly, no provision for federal and state income taxes has been reflected in these financial statements.

Management evaluated the Organization's tax positions and concluded that the Organization had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

Samaritan House

Notes to Financial Statements

j. Comparative Financial Statements

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2021, from which the summarized information was derived.

k. Recent Accounting Pronouncements

Adopted

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU changed the required presentation of in-kind contributions other than contributed services. The first element required separate presentation on the Statement of Activities and the second element required additional disclosure about how the in-kind gifts were utilized (in which program or as part of management and general or fundraising), donor restrictions associated with the gifts and valuation techniques employed. The ASU was adopted by the Organization as of July 1, 2021, the adoption did not have a significant impact to the financial statements.

Pronouncements effective in the future

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. The amendments in this update will supersede much of the existing authoritative guidance for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their balance sheet for all leases with lease terms longer than twelve months. The standard will be effective for the Organization for its fiscal year beginning after December 15, 2021 with early application permitted. Entities are required to use the modified retrospective application for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements with the option to elect certain transition reliefs. The Organization is currently evaluating the impact of this pronouncement on its financial statements.

l. Subsequent Events

The Organization evaluated subsequent events through October 17, 2022, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Samaritan House

Notes to Financial Statements

Note 3 - Investments and Fair Value Measurement:

Investments consisted of the following as of June 30, 2022:

Money market funds	\$ 253,181
Certificate of deposits	515,394
Mutual funds and ETFs	5,944,410
Total investments	\$ 6,712,985

Net investment income consisted of the following for the year ended June 30, 2022:

Interest and dividends	\$ 163,774
Net realized and unrealized gains	(867,126)
Investment fees	(51,164)
Total net investment income	\$ (754,516)

All investments are measured at Level 1.

Note 4 - Property and Equipment:

Property and equipment at June 30, 2022 were as follows:

Land	\$ 2,692,459
Building and building improvements	8,532,241
Furniture and equipment	742,938
Computer equipment and software	347,334
Vehicles	140,034
	12,455,006
Less: accumulated depreciation	(4,056,980)
Total	\$ 8,398,026

Depreciation expense for the year ended June 30, 2022 was \$303,380.

Samaritan House

Notes to Financial Statements

Note 5 - Notes Payable:

Notes payable as of June 30, 2022 consisted of the following:

	Amount
Note payable to the California Health Facilities Financing Authority (CHFFA) payable in monthly installments of \$3,294 consisting of principal plus interest at a fixed rate of 3% per annum through February 2024. The fifteen-year note is secured by a deed of trust on the medical office building in San Mateo.	\$ 59,663
Note payable to the County of San Mateo for a facility rehabilitation project. The terms of the note are 3% per annum interest for 10 years maturing on March 31, 2023. Payments are deferred for the entire term. Both principal and interest will be forgiven on the maturity date of March 31, 2023 unless the properties assisted with this loan are sold, conveyed or alienated by The Organization or in the case of a violation of the agreement.	100,000
Note payable to PG&E for Hospitality Energy Efficiency Program to install energy efficient for LED fixtures and lights at the Organization's headquarters. Total no interest loan amount is \$29,291. The repayment term is 40 monthly installments of \$732. Payments are added to the monthly utility bill. Maturity date is May 31, 2024.	16,842
Total	\$ 176,505

Future principal maturities of notes payable are as follows:

Year Ending June 30,	Amount
2023	\$ 147,049
2024	29,456
Total	\$ 176,505

During the fiscal year ended June 30, 2019, the County of San Mateo forgave the note payable secured by the San Mateo Clinic property in the amount of \$178,808 plus accrued interest in the amount of \$91,042. In return, the Organization agreed that the use of the property shall be restricted from the date it was recorded until December 31, 2030 (the maturity date of the original promissory note) to serve as a Free Clinic and a site where Homelessness Prevention Services are provided, or for similar eligible use, in accordance with Community Development Block Grant requirements. The Organization was in compliance with all requirements as of June 30, 2022.

Samaritan House

Notes to Financial Statements

Note 6 - Commitments and Contingencies:

The Organization leases office space for the Redwood City Medical Clinic under a five-year lease term expiring April 2025. In June 2020, the Organization also entered into a 9-month lease that ended February 2021 for parking lot space adjacent to their existing property. The parking lot lease was subsequently renewed through January 31, 2022 and is currently on a month-to-month basis. Total rent expense for the year ended June 30, 2022 was \$186,973. The Organization leases office equipment at its various sites.

The future minimum lease payments are as follows:

Year Ending June 30,	Amount
2023	\$ 163,721
2024	152,462
2025	131,891
2026	14,991
Total	\$ 463,065

Note 7 - Retirement Plan:

The Organization has a 403(b)-retirement plan. The plan covers all employees meeting certain eligibility requirements. Employees voluntarily make contributions to the plan based upon limits established under the Internal Revenue Code. Effective November 1, 2018, the Organization implemented a new plan with a matching component that provides an employer contribution of up to 4% of employees' eligible wages when employees contribute up to 5% as described in the plan documents. The Organization made matching contributions totaling \$149,974 for the year ended June 30, 2022.

Samaritan House

Notes to Financial Statements

Note 8 - Net Assets With Donor Restrictions:

As of June 30, 2022, net assets with donor restrictions are available for the following purposes:

Homelessness Prevention	\$ 1,024,192
Medical Clinics	998,260
Client Services	428,914
General operating	642,503
Medical Clinic facility repairs	204,588
Kids Closet	74,696
Total	\$ 3,373,153

During the year ended June 30, 2022, net assets were released from donor restrictions by incurring expenses satisfying the time and purpose restriction specified by donors as follows:

Homelessness Prevention	\$ 613,065
Medical Clinics	2,492,245
Client Services	1,160,516
General operating	613,286
Kids Closet	73,757
Holiday Program	180,917
Shelter Services	242,768
Worker Resource Center	35,000
Total restrictions released	\$ 5,411,554

Note 9 - Cash Held in Trust/Amounts Held for Others:

The Organization acts as a fiscal agent on behalf of the San Francisco Chronicle's Season of Sharing Fund for a specific group of San Mateo County Community nonprofit organizations. The Organization has agreed to receive and remit grant assistance to eligible individuals. All grants must be submitted by the participating agency and are for a one-time, non-recurring need. Grants are typically used for housing assistance and critical family needs as defined by the funder. The maximum grant amount per household was raised to \$5,000 in March 2021 in response to those impacted by the COVID-19 pandemic. During the fiscal year ended June 30, 2022, the Organization received \$1,289,855 and expended a total of \$1,208,385. Since the Organization is acting as a fiscal agent, these amounts are not recorded as revenue and expenses of the Organization.

Samaritan House

Notes to Financial Statements

The Organization encourages residents at Safe Harbor Shelter to save money for transitioning back into the community. The Organization deposits and tracks account balances for individual residents. Funds are disbursed to clients as they exit the shelter or as approved by their case manager.

Amounts held as of June 30, 2022 for the above programs were as follows:

San Francisco Chronicle's Season of Sharing Fund	\$ 477,875
Safe Harbor Shelter	55,968
Total	<u>\$ 533,843</u>

Note 10 - Availability and Liquidity:

As of June 30, 2022, the Organization's financial assets available within one year for general expenditures were as follows:

Cash and cash equivalents	\$ 14,261,128
Receivables	4,380,241
Investments	6,712,985
Sub-total	25,354,354
Less:	
Board-designated reserves	9,785,587
Funds with donor restriction	3,373,153
Total available for general expenditures	<u>\$ 12,195,614</u>

The Organization aims to maintain financial assets to meet 180 days of operating expenses. Additionally, the Board designated reserves can also be made available for specific purposes subject to Board approval. The Organization expects to continue delivering services at an increased rate to those impacted by the COVID-19 pandemic as resources allow.

Note 11 - Funds Held by Others:

The Silicon Valley Community Foundation received a bequest to be used for the benefit of the Organization. These funds are being held by the Foundation and are used "to benefit Samaritan House" as it was specified by the donor. The balance of the funds as of June 30, 2022 was \$91,851 and is not included in the accompanying statement of financial position.

Samaritan House

Notes to Financial Statements

Note 12 - In-kind Contributions:

The Organization's in-kind contributions that were utilized in its program services consisted of the following for the year ended June 30, 2022:

Services:	
Medical	\$ 841,782
	841,742
Goods:	
Food (a)	6,036,098
Bus passes	23,850
Equipment	94,773
Program supplies	39,375
Medication	570,286
Clothing	331,908
	7,096,290
Facilities:	
Worker Resource Center	65,548
Safe Harbor Shelter	445,762
	511,310
Total In-Kind Contributions	\$ 8,449,382

- (a) The valuation of food provided by Second Harvest Food Bank is on a per pound basis and values are derived directly from Feeding America, the national network of food banks.

Samaritan House

Notes to Financial Statements

Note 13 - Impact of the COVID-19 Pandemic on Operations:

On March 11, 2020, the World Health Organization publicly characterized COVID-19 as a pandemic. Many federal, state and local governmental agencies have declared a state of emergency and issued a variety of recommendations impacting travel, group gatherings, etc. As a result, this has impacted the Organization's operations in many ways. The Organization continued to shift the way it delivered services to comply with state and local mandates for sheltering in place, social distancing and personal protection equipment for staff and clients. The demand for services continued to be high during the fiscal year and the Organization was called upon from public and private funders to distribute significant emergency rental and disaster relief funding. Additionally, the community continued to rise to the occasion by responding with non-recurring support to the Organization in the form of cash and in-kind contributions.

The Organization received loan proceeds in the amount of \$757,700 under the Paycheck Protection Program (PPP) in May of 2020. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provided loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses. During the fiscal year ending June 30, 2021, the Organization applied for and received full forgiveness for the loan of \$757,700.