

**SAMARITAN HOUSE**

**JUNE 30, 2023**

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INDEPENDENT AUDITORS' REPORT AND  
FINANCIAL STATEMENTS

# **Samaritan House**

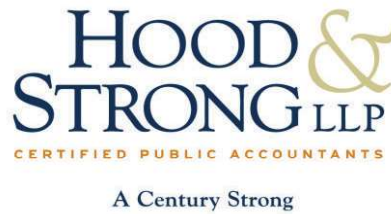
## **Independent Auditors' Report and Financial Statements**

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## **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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Hood & Strong LLP*

San Francisco, California  
October 23, 2023

# Samaritan House

## Statement of Financial Position

<i>June 30, 2023 (with comparative totals for 2022)</i>	2023	2022
<b>Assets:</b>		
Cash and equivalents	\$ 10,549,463	\$ 14,261,128
Investments	10,445,941	6,712,985
Funds held in trust	82,783	533,843
Bequests receivable		60,000
Grants receivable	4,768,722	4,320,241
Prepaid expenses and other assets	360,269	643,338
Property and equipment, net	8,616,093	8,398,026
<b>Total assets</b>	<b>\$ 34,823,271</b>	<b>\$ 34,929,561</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 583,330	\$ 513,778
Accrued payroll and paid time off	951,163	858,821
Funds held in trust	82,783	533,843
Notes payable	29,458	176,505
<b>Total liabilities</b>	<b>1,646,734</b>	<b>2,082,947</b>
<b>Net Assets:</b>		
Without donor restrictions:		
Undesignated	19,799,183	19,687,874
Board designated reserves	10,760,004	9,785,587
<b>Total without donor restrictions</b>	<b>30,559,187</b>	<b>29,473,461</b>
<b>With donor restrictions</b>	<b>2,617,350</b>	<b>3,373,153</b>
<b>Total net assets</b>	<b>33,176,537</b>	<b>32,846,614</b>
<b>Total liabilities and net assets</b>	<b>\$ 34,823,271</b>	<b>\$ 34,929,561</b>

See accompanying notes to the financial statements.

# Samaritan House

## Statement of Activities and Changes in Net Assets

Year Ended June 30, 2023 (with comparative totals for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Recurring Support and Revenue:</b>				
Contributions	\$ 3,124,813	\$ 672,213	\$ 3,797,026	\$ 4,461,540
Bequests	290,874		290,874	147,264
Government grants	12,277,929	329,868	12,607,797	8,917,645
Healthcare district grants		1,609,100	1,609,100	1,778,154
Foundation grants	1,170,385	2,532,328	3,702,713	3,121,414
Business and corporate	334,843	860,621	1,195,464	1,889,672
Special event revenue	733,345	300	733,645	901,815
Special event direct expenses	(230,993)		(230,993)	(81,968)
Donated goods and services	10,712,576		10,712,576	8,449,382
Rental income	169,091		169,091	176,769
Net investment income	720,935		720,935	(754,516)
Miscellaneous income	182,395		182,395	96,692
Net assets released from restrictions	6,760,233	(6,760,233)	-	-
<b>Total support and revenue</b>	<b>36,246,426</b>	<b>(755,803)</b>	<b>35,490,623</b>	<b>29,103,863</b>
<b>Expenses:</b>				
Program services:				
Client services	2,364,669		2,364,669	3,076,918
Food services	9,090,674		9,090,674	7,761,133
Kids Closet	419,940		419,940	438,975
Homelessness prevention	5,982,370		5,982,370	2,639,829
Shelter Services	6,519,368		6,519,368	4,395,232
Holiday assistance	312,941		312,941	329,264
Medical and dental clinics	5,243,695		5,243,695	3,991,688
Worker resource center	370,047		370,047	334,323
Coordinated entry services	1,049,713		1,049,713	943,149
<b>Total program expense</b>	<b>31,353,417</b>	<b>-</b>	<b>31,353,417</b>	<b>23,910,511</b>
Supporting services:				
Management and general	2,031,665		2,031,665	1,590,998
Fundraising	1,775,618		1,775,618	1,469,458
<b>Total expenses</b>	<b>35,160,700</b>	<b>-</b>	<b>35,160,700</b>	<b>26,970,967</b>
<b>Change in Net Assets</b>	<b>1,085,726</b>	<b>(755,803)</b>	<b>329,923</b>	<b>2,132,896</b>
<b>Net Assets, Beginning of year</b>	<b>29,473,461</b>	<b>3,373,153</b>	<b>32,846,614</b>	<b>30,713,718</b>
<b>Net Assets, End of year</b>	<b>\$ 30,559,187</b>	<b>\$ 2,617,350</b>	<b>\$ 33,176,537</b>	<b>\$ 32,846,614</b>

See accompanying notes to the financial statements.

# Samaritan House

## Statement of Functional Expenses

Year Ended June 30, 2023 (with comparative totals for 2022)

	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	2023 Total Expenses	2022 Total Expenses
Salaries and related:															
Payroll costs	\$ 962,272	\$ 617,544	\$ 13,571	\$ 169,587	\$ 2,588,748	\$ 56,341	\$ 1,522,176	\$ 197,000	\$ 713,247	\$ 6,840,486	\$ 1,343,769	\$ 976,061	\$ 2,319,830	\$ 9,160,316	\$ 7,802,538
Employee benefits	141,274	104,636	1,525	19,753	346,008	6,614	192,956	33,709	92,893	939,368	126,513	100,258	226,771	1,166,139	1,053,460
Temporary staffing	346,394	499,624		3,171	870,810	25,246	487,644	7,416	64,638	2,304,943	756	219,628	220,384	2,525,327	2,838,887
Donated services					-		1,276,071			1,276,071				1,276,071	841,782
Donated facilities					877,222			68,544		945,766				945,766	511,310
Employee training	14,386	3,768	225		21,260	237	15,692	844	3,598	60,010	24,450	379	24,829	84,839	30,426
Equipment rental	8,498	29,459	107	461	17,951	512	4,177	837	4,584	66,586	3,934	4,412	8,346	74,932	80,066
Client food, clothing, education and shelter	1,050	75,242	15,275		113,960	157,023	14,849	6,110		383,509	464		464	383,973	333,540
Client housing and emergency assistance	9,475			5,786,103	1,265				67,354	5,864,197				5,864,197	2,548,783
Client assistance of in-kind food, bus passes, medication and clothing	242,600	7,307,350	325,838		19,350	34,894	452,662			8,382,694				8,382,694	7,020,005
Insurance and taxes	13,063	17,348	13,782		16,792	785	35,258	1,343	4,388	102,759	16,932	1,640	18,572	121,331	120,714
Interest	150				308		2,217			2,675	842		842	3,517	5,396
Medical clinic supplies							193,147			193,147				193,147	102,109
Outreach and marketing	27,514	9,476	355		39,607		68,189	139	4,492	149,772	34,367	65,368	99,735	249,507	50,672
Outside services	340,626	77,503	9,509		919,329	17,413	313,793	37,493	50,461	1,766,127	253,513	276,807	530,320	1,741,765	1,741,765
Postage	439	284	3		965	97	560	36	43	2,427	2,379	9,782	12,161	14,588	33,858
Printing and mailing services										1,088	1,384	68,012	69,396	70,484	91,408
Professional fees										226,565	80,953		80,953	307,518	82,231
Supplies	14,300	49,139	550	1,636	148,219	5,334	38,824	4,300	10,462	314,507	36,726	8,079	44,805	359,312	335,358
Rent	25,962	39,775	1,005		10,680	4,053	129,247	581	16	211,319	1,091	87	1,178	212,497	186,973
Repairs and maintenance	34,414	60,012	14,616		376,450	395	89,761	1,159	8,461	585,268	10,494	5,399	15,893	601,161	435,658
Travel, meetings and conferences	7,326	19,418	151		11,988	267	1,800	1,749	219	42,918	33,896	1,614	35,510	78,428	44,318
Utilities and telephone	66,497	68,754	15,499	571	80,273	2,310	113,832	7,008	13,817	368,561	40,052	24,387	64,439	433,000	376,330
Total expenses before depreciation	2,312,283	8,979,332	412,011	5,982,370	6,461,185	311,321	5,165,120	368,268	1,038,673	31,030,763	2,012,515	1,761,913	3,774,428	34,805,191	26,667,587
Depreciation	52,386	111,342	7,929		58,183	1,420	78,575	1,779	11,040	322,654	19,150	13,705	32,855	355,509	303,380
Total expenses	\$ 2,364,669	\$ 9,090,674	\$ 419,940	\$ 5,982,370	\$ 6,519,368	\$ 312,941	\$ 5,243,695	\$ 370,047	\$ 1,049,713	\$ 31,353,417	\$ 2,031,665	\$ 1,775,618	\$ 3,807,283	\$ 35,160,700	\$ 26,970,967

See accompanying notes to the financial statements.



# Samaritan House

## Statement of Cash Flows

<i>Year Ended June 30, 2023 (with comparative totals for 2022)</i>	2023	2022
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 329,923	\$ 2,132,896
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	355,509	303,380
Net realized and unrealized loss (gain) on investments	(294,256)	867,126
Principal forgiven of CSBG loan	(100,000)	
In-kind donation of property and equipment	(108,048)	(76,285)
Changes in operating assets and liabilities:		
Bequests receivable	60,000	(53,381)
Grants receivable	(448,481)	(2,116,504)
Prepaid expenses and other assets	283,069	(390,124)
Accounts payable and accrued expenses	69,552	77,797
Accrued payroll and paid time off	92,342	88,101
Funds held in trust		(73,601)
Net cash provided by operating activities	239,610	759,405
<b>Cash Flows from Investing Activities:</b>		
Purchases of investments	(3,438,701)	(1,581,161)
Purchases of property and equipment	(465,528)	(322,161)
Net cash used by investing activities	(3,904,229)	(1,903,322)
<b>Cash Flows from Financing Activities:</b>		
Payments of principal on notes payable	(47,047)	(45,923)
Net cash used by financing activities	(47,047)	(45,923)
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(3,711,666)</b>	<b>(1,189,840)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>14,261,128</b>	<b>15,450,968</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 10,549,462</b>	<b>\$ 14,261,128</b>
<b>Supplemental Cash Flow Information:</b>		
Interest paid	\$ 3,517	\$ 5,396

See accompanying notes to the financial statements.

# Samaritan House

## Notes to the Financial Statements

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### 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, 2023 the Organization partnered with the County of San Mateo to open its third homeless shelter to meet the current needs of the homeless population in San Mateo County. The Organization also expanded its food services as part of the Edible Food Recovery Program under CA SB 1383 to reduce food waste and increase redistribution of edible food in California.

#### 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, coaching, and referrals to resources, all of which assist clients to move towards self-sufficiency through an individual service plan.

# **Samaritan House**

## **Notes to the Financial Statements**

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### *Food Services*

The Food Services program prepares and serves hot and boxed meals for its community dining room distribution, mobile meals, kids' summer lunch and snacks program, senior centers, three homeless shelters, 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 other food items with the Produce Mobile and Family Harvest distributions at various sites in San Mateo County. The number of clients receiving food bags have continued to increase beyond the response to the pandemic. The Organization has expanded grocery rescue operations in response to the CA SB 1383 law which requires grocery stores to reduce food waste and increase redistribution of edible food to the community. Samaritan House is collaborating with the County of San Mateo and Second Harvest Food Bank to provide grocery rescue services to participating stores to get the edible food to those who need it.

### *Kids Closet and Holiday Assistance*

The Kids Closet program provides quality new and used children's clothing to client families. In addition, back-to-school drives provided more than 3,300 backpacks full of school essential supplies for kids to begin the school year. The Holiday Assistance program provides low-income families with food, toys and gift cards during the Thanksgiving and Christmas holiday season.

### *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 K funds, private 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, 2023 the Organization continued, through the Core Service Agency network, to directly assist clients countywide to access the State of California Emergency Rental Assistant Program (ERAP).

# **Samaritan House**

## **Notes to the Financial Statements**

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### *Shelter Services*

Samaritan House operates three shelters: Safe Harbor Shelter, Pacific Emergency Shelter and the El Camino House which opened its doors during October 2022. The three shelters have capacity for emergency shelter and supportive services for more than 223 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.

### *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 22 full- and part-time employees, the two Free Clinics are staffed by 105 professional and administrative volunteers who provided more than 5,300 hours of service during the fiscal year ended June 30, 2023.

### *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.

# Samaritan House

## Notes to the Financial Statements

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### *Fundraising*

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

## **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 \$10,760,004 as of June 30, 2023.

#### *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, 2023.

### 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, 2023, are included in grants receivable and are expected to be collected in fiscal year 2024. 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 the Financial Statements

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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 receivable at net realizable value. Pledges expected to be collected in future years are recorded as revenue and 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, transportation, 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 29,911 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.

### 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.

### 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.

# Samaritan House

## Notes to the Financial Statements

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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.

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, 2022, from which the summarized information was derived.

# Samaritan House

## Notes to the Financial Statements

### k. Recent Accounting Pronouncements

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 July 1, 2023. 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 has determined the impact of this pronouncement on its financial statements will be immaterial.

### l. Subsequent Events

The Organization evaluated subsequent events on October 23, 2023, 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.

## Note 3 - Investments and Fair Value Measurement:

Investments consisted of the following as of June 30, 2023:

Money market funds	\$ 288,625
Certificate of deposits	3,209,413
Mutual funds and ETFs	6,947,903
<b>Total investments</b>	<b>\$ 10,445,941</b>

All investments are measured at Level 1.

Net investment income consisted of the following for the year ended June 30, 2023:

Interest and dividends	\$ 469,528
Net realized and unrealized gains	294,256
Investment fees	(42,849)
<b>Total net investment income</b>	<b>\$ 720,935</b>



# Samaritan House

## Notes to the Financial Statements

### Note 4 - Property and Equipment:

Property and equipment at June 30, 2023 were as follows:

Land	\$ 2,692,459
Building and building improvements	8,842,264
Furniture and equipment	856,530
Computer equipment and software	347,334
Vehicles	250,856
	12,989,443
Less: accumulated depreciation	(4,373,350)
Total	\$ 8,616,093

Depreciation expense for the year ended June 30, 2023 was \$ 355,509.

### Note 5 - Notes Payable:

Notes payable as of June 30, 2023 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.	\$ 21,403
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.	8,055
Total	\$ 29,458

# Samaritan House

## Notes to the Financial Statements

Future principal maturities of notes payable are as follows:

Year Ending June 30,	Amount
2024	\$ 29,458
Total	\$ 29,458

During the fiscal year ended June 30, 2023, the County of San Mateo forgave a note payable for a facility rehabilitation project in the amount of \$100,000 plus accrued interest in the amount of \$29,250.

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, 2023.

### 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, 2023 was \$212,497. The Organization leases office equipment at its various sites.

The future minimum lease payments are as follows:

Year Ending June 30,	Amount
2024	\$ 152,462
2025	131,891
2026	14,991
Total	\$ 299,344

# Samaritan House

## Notes to the Financial Statements

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### 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 \$167,452 for the year ended June 30, 2023.

### Note 8 - Net Assets with Donor Restrictions:

As of June 30, 2023, net assets with donor restrictions are available for the following purposes:

Homelessness prevention	\$ 294,667
Medical clinics	851,218
Client services	348,995
General operating	1,022,532
Kids Closet	45,938
Shelter services	54,000
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Total	\$ 2,617,350

During the year ended June 30, 2023, net assets were released from donor restrictions by incurring expenses satisfying the time and purpose restriction specified by donors as follows:

Homelessness prevention	\$ 1,406,232
Medical clinics	3,004,505
Client services	698,677
General operating	871,799
Kids Closet	88,648
Holiday Program	162,302
Shelter services	147,676
Food services	372,269
Worker Resource Center	8,125
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Total restrictions released	\$ 6,760,233

# Samaritan House

## Notes to the Financial Statements

### 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 founder. 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, 2023, the Organization received \$983,538 and expended a total of \$1,445,064. First quarter distribution of \$339,275 for the year ended June 30, 2023 was received and recorded at the very end of the fiscal year ended June 30, 2022. Since the Organization is acting as a fiscal agent, these amounts are not recorded as revenue and expenses of the Organization.

The Organization encourages shelter clients at Safe Harbor Shelter, Pacific Emergency Shelter, and El Camino House 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, 2023 for the above programs were as follows:

San Francisco Chronicle's Season of Sharing Fund	\$ 16,348
Shelter Clients	66,435
Total	\$ 82,783

### Note 10 - Availability and Liquidity:

As of June 30, 2023, the Organization's financial assets available within one year for general expenditures were as follows:

Cash and cash equivalents	\$ 10,549,463
Investments	10,445,941
Receivables	4,768,722
Sub-total	25,764,126
Less:	
Board-designated reserves	10,760,004
Funds with donor restriction	2,617,350
Total available for general expenditures	\$ 12,386,772

# Samaritan House

## Notes to the Financial Statements

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 and other hardships 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, 2023 was \$ 94,605 and is not included in the accompanying Statement of Financial Position.

### 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, 2023:

Services:	
Medical	\$ 1,276,071
Goods:	
Food (a)	7,307,350
Transportation passes	261,950
Equipment/vehicle	108,048
Medication	452,662
Clothing/backpacks/diapers	360,729
Total goods	8,490,739
Facilities:	
Safe Harbor Shelter	418,325
El Camino House	177,735
Pacific Emergency Shelter	281,162
Worker Resource Center	68,544
Total facilities	945,766
Total in-kind contributions	\$ 10,712,576

# **Samaritan House**

## **Notes to the Financial Statements**

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- (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. The value of purchased food donated from Second Harvest Food Bank is based on actual cost.

### **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 has 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 increased and the Organization was called upon from public and private funders to distribute significant new emergency rental and disaster relief funding. Additionally, the community has continued to rise to the occasion by responding with significant non-recurring support to the Organization in the form of cash and in-kind contributions.

The Organization has continued to meet the needs of clients who have been impacted by COVID-19. While most of the mandated restrictions on our operations were lifted during the fiscal year, the Organization continued providing services with many of the safety protections to minimize risk exposure for staff, clients and volunteers. The federal government ended the national emergency addressing COVID-19 on May 11, 2023.