

**Samaritan House Community Center**  
Rogers, Arkansas

Independent Auditor's Report  
And Financial Statements

For The Year Ended June 30, 2022

**Samaritan House Community Center**

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# ATTEST SERVICES, PLLC

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees

Samartian House Community Center  
Rogers, Arkansas

### Opinion

We have audited the accompanying financial statements of the Samartian House Community Center (a not-for-profit corporation) (the Center), which comprise the statement of financial position as of June 30, 2022 and 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 Center as of June 20, 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. 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 Center 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 Center'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 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, we:

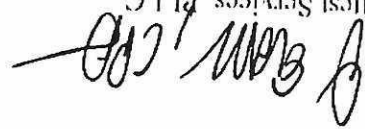
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 Center'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.

- Consider whether, in our judgment, there are conditions, or events considered in the aggregate, that raise substantial doubt about the Center'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.

  
Alicia Services, PLLC  
Miami, Oklahoma  
February 20, 2024

**SAMARITAN HOUSE COMMUNITY CENTER  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2022**

**ASSETS**

Cash	5,909,101
Investments	320,906
Endowment funds-designated	2,892,580
Promises to give	584,473
Gift cards	2,364
Employee loans	260
Inventory	194,841
Property and equipment, net of accumulated depreciation	2,860,344
<b>Total Assets</b>	<b>\$ 12,764,869</b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	261,158
Credit card payable	6,605
Payroll liabilities	39,030
Deferred revenue	36,722
Mortgage Payable	581,888
<b>Total Liabilities</b>	<b>925,403</b>

Net Assets-without donor restrictions	6628530
Net Assets-with donor restrictions	2,318,356
Net Assets-designated endowment	6,628,530
<b>Total Net Assets</b>	<b>11,839,466</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,764,869</b>

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

**SAMARITAN HOUSE COMMUNITY CENTER  
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2022**

	NET ASSETS WITHOUT DONOR RESTRICTIONS	NET ASSETS WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUES AND SUPPORT</b>			
Contributions	\$ 4,318,483	\$ 6,583,530	\$ 10,902,013
Grants	917,115	45,000	962,115
Thrift store sale, net of returns and allowances	2,271,445	-	2,271,445
In-kind donations	4,485,571	-	4,485,571
Event income	12,000	-	12,000
Interest and dividend income	35,040	-	35,040
Unrealized gains (losses) on securities	(570,376)	-	(570,376)
Gain (loss) on sale of stocks	56,144	-	56,144
Other	37,976	-	37,976
Net assets released from restrictions:			
Satisfaction of program restrictions	688,512	(688,512)	-
Total Revenues and Support	12,251,910	5,940,018	18,191,928
<b>EXPENSES</b>			
Program services	8,316,012	-	8,316,012
Supporting services	-	-	-
Management and general	629,018	-	629,018
Fund raising	14,193	-	14,193
Total Expenses	8,959,223	-	8,959,223
<b>CHANGES IN NET ASSETS</b>	3,499,622	5,940,018	9,232,705
<b>NET ASSETS, beginning of year</b>	1,918,249	688,512	2,606,761
<b>NET ASSETS, end of year</b>	\$ 5,417,871	\$ 6,628,530	\$ 11,839,466

See independent auditor's report and notes to financial statements  
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**SAMARITAN HOUSE COMMUNITY CENTER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	9,232,705
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	(111,885)
In-kind donations	(4,485,571)
In-kind program expenses	2,463,888
In-kind thrift store product	2,271,445
Gain on sale of securities	(71,049)
Unrealized loss on securities	570,376
Noncash contribution of securities	(3,714,155)
(Increase) decrease in operating assets	
Accounts receivable	(612,556)
Gift cards	(2,364)
Increase (decrease) in operating liabilities	
Accounts payable	189,991
Credit card payable	(507)
Payroll liabilities	(34,251)
Deferred revenue	26,722
Net cash provided (used) by operating activities	<u>5,722,789</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Cash transfers from investments	
Cash payments for the purchase of property	20,651
Net cash provided by investing activities	<u>(868,816)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net payments on mortgage payable	(27,255)
Net cash provided by financing activities	<u>(27,255)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,847,369
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	1,061,732
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>5,909,101</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>	
Fair value of contributed assets	\$ 8,199,726
Cash paid for interest	\$ <u><u>24,166</u></u>

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

**SAMARITAN HOUSE COMMUNITY CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services						Supporting Services		Total
	Children and Families	Emergency Needs Assistance	Medical Dental Mental	Nutrition Services	Garden	Thrift Shops	General & Administrative	Fund Raising	
Automobile expenses	\$ 2,365	\$ 2,824	\$ -	\$ -	\$ 2,412	\$ 169	\$ -	\$ -	\$ 15,396
Assistance to Individuals	-	70,682	26,694	-	-	-	-	-	97,376
Advertising	-	918	-	-	-	-	248	-	3,826
Bank/merchant charges	9	-	19	-	-	-	40,423	-	51,856
Professional fees	-	-	-	-	-	-	26,599	-	26,599
Dues & subscriptions	725	145	2,048	-	-	16	660	-	16,728
Employee benefits	8,683	24,464	13,402	-	17,116	8,170	80,404	-	253,892
Food/other items in kind	1,024,710	1,206,500	5,137	-	439,117	255	528	40,547	2,716,794
Thrift shop product	-	-	-	-	-	-	2,271,445	-	2,271,445
Fund raising expenses	-	-	-	-	-	-	-	14,193	14,193
Insurance	4,943	9,886	6,474	-	4,944	4,944	14,852	-	61,454
Interest	-	-	-	-	-	-	24,166	-	24,166
Licenses & permits	-	-	1,187	-	70	78	105	300	1,740
Payroll expenses	168,625	415,933	382,845	-	217,428	149,483	987,993	241,170	2,563,477
Postage & delivery	64	-	118	-	-	42	6,815	5,190	12,229
Printing & reproduction	847	630	100	-	263	-	3,791	12,695	18,326
Program expenses	-	-	200	-	-	20	-	-	220
Rent expense	-	55,613	-	-	-	-	169,400	-	225,013
Repairs & maintenance	2,565	4,592	12,189	-	8,041	-	27,375	-	118,816
Other expenses	1,673	1,843	198	-	36	55	47	-	18,825
Supplies	31,346	8,089	37,945	-	16,615	23,810	23,413	-	158,866
Telephone	900	900	150	-	-	900	900	7,950	11,700
Volunteer recruitment	2,817	2,454	2,225	-	1,392	40	12,873	-	28,567
Utilities	14,701	23,491	15,501	-	16,139	1,739	56,888	7,375	135,834
Depreciation expense	8,987	13,481	4,164	-	12,450	5,436	31,418	35,949	111,885
	\$ 1,273,960	\$ 1,842,445	\$ 510,596	\$ 736,053	\$ 195,157	\$ 3,757,801	\$ 629,018	\$ 14,193	\$ 8,959,223

See Independent auditor's report and notes to financial statements



**SAMARITAN HOUSE COMMUNITY CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Samaritan House Community Center (the Center) is a nonprofit organization established in 2002 for the purpose of providing help for people in need, including "the hurting, the hungry, the homeless, the abused, the widows, and the orphans". This organization offers food, a lunch soup kitchen for people in need, as well as an emergency assistance program referred to as "The Samaritan House" and other services. The organization is funded by various grants, public support and the sale of donated items through two thrift stores. These services are performed in the Northwest Arkansas area.

**Basis of Accounting**

The Center's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

The Center reports the information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. On the statement of financial position, the assets have been presented in a sequence according to their liquidity and conversion to cash and the liabilities have been sequenced according to their maturity and resulting use of cash.

Net Assets Without Donor Restriction-Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets with Donor Restriction-Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Center has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of

**SAMARITAN HOUSE COMMUNITY CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purposes of the Statements of Cash Flows, the Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At June 30, 2022 the Center had approximately \$5,438,460 cash deposits in excess of the Federal Deposit Insurance Corporation coverage of \$250,000.

**Contributed Products and Services**

Contributed products for the thrift stores were valued at fair market value by assigning the subsequent sales price to the items. The donated items for the food were valued using the "Feeding America" method of valuation which values food by price per pound. In addition, many individuals volunteer their time and performed a variety of tasks that assist the Center at its facilities, but these services do not meet the criteria for recognition as contributed services.

**Accounts Receivable**

The Center records an allowance for doubtful accounts, if management deems it necessary, based on the age of the receivable and past history of collections. Accounts receivable are written off when the account is determined to be uncollectible. The Center has no accounts receivable as of June 20, 2022 and deemed all promises to give to be collectible.

**Inventories**

Thrift store inventory, as of June 30, 2022, consists entirely of donated items for which a fair market value was established by assigning the subsequent sales price to the items.

**Compensated Absences**

Compensated absences have not been accrued because the amount is estimated to be immaterial and cannot be reasonably estimated.

**Property and Equipment**

It is the Center's policy to capitalize property and equipment that have a useful life greater than one accounting period and have greater than a \$500 single value or \$1,000 multiple value. Purchased property and equipment are stated at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation of property and equipment is computed on the straight-line method over the estimated useful lives of the respective assets, which range from five to forty years. Depreciation expense for the years ended June 30, 2022 was \$111,885.

The Center will record planned major maintenance activities costs as they are incurred.

**SAMARITAN HOUSE COMMUNITY CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Advertising**

The Company expenses advertising costs as incurred. Total advertising costs charged to expense for the year ended June 30, 2022 was \$3,826.

**Functional allocation of expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, personnel and overhead costs have been allocated among the programs and supporting activities based upon management's best estimate of time incurred by personnel.

**Income Taxes**

Samaritan House Community Center is an organization exempt from income taxes under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes has been made in these financial statements.

On January 1, 2011 the Center adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Center has analyzed tax positions taken for filing with the Internal Revenue Service and the state where it operates. The Center believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Center's financial condition, results of operations or cash flows. Accordingly, the Center has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions as of June 30, 2022.

The Center is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress as of June 30, 2022.

**SAMARITAN HOUSE COMMUNITY CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES –  
CONTINUED**

**Upcoming Accounting Pronouncements**

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases. This ASU requires all leases with lease terms more than 12 months to be capitalized as a right-of-use asset and a lease liability on the Statement of Financial Position at the date of lease commencement. This ASU will be effective for the fiscal year ending June 30, 2023.

In September 2020 the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, (Topic 958). This ASU requires contributed nonfinancial assets to be presented as a separate line item on the Statement of Activities and Changes in Net Assets, by category, apart from contributions of cash and other financial assets. This ASU also requires additional disclosures. This ASU will be effective for the Center for the year ending June 30, 2022.

**Investments**

The Center carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair market values in the Statement of Financial Position. These investment values are determined by using appropriate valuation methodologies. Unrealized gains and losses are included in the change in net assets in the Statement of Activities.

**Fair Value Measurements**

The fair value of financial assets and liabilities is measured according to the Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques:

Level 1-Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2-Fair value is determined using quoted market prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market for substantially the full term of the assets or liabilities.

Level 3-Fair value is determined using inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The market for assets and liabilities using level 3 measures is typically inactive.

**SAMARITAN HOUSE COMMUNITY CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 2: PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2022 consisted of the following:

Medical equipment	\$ 172,301
Furniture and equipment	680,697
Land	165,750
Buildings and improvements	2,028,113
Vehicles	152,646
Construction in progress	<u>1,064,096</u>
	4,263,603
Less: Accumulated depreciation	<u>(1,403,259)</u>
	\$ 2,860,344

**NOTE 3: MORTGAGE PAYABLE**

The Center has a mortgage payable to a financial institution with a balance due of \$569,699 at June 30, 2022. The monthly interest and principal payments are \$4,667 at an interest rate of 6.5%. The interest rate on this note is subject to change from time to time based on changes to an independent index which is the average yield on U. S. Treasury Securities adjusted to a constant maturity of one year. Mortgage matures February, 2039. The note is collateralized by a Center building.

Annual principal payments for years ended June 30, are as follows:

2023	\$ 19,550
2024	20,859
2025	22,257
2026	23,747
2027	25,337
Thereafter	<u>457,949</u>
	\$ 569,699

**NOTE 4-CONSTRUCTION LOAN**

The Center has a construction loan to a financial institution with a balance due of \$12,189 at June 30, 2022 with interest rate of 4.95%. The balance due was paid off in July, 2022.

**SAMARITAN HOUSE COMMUNITY CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5-OPERATING LEASES**

The Center has entered into certain lease agreements for the lease of two commercial buildings. The first lease was renewed on August 31, 2020 for a two-year period and has a lease payment of \$4,634 per month. The second lease was dated April 1, 2017 with a lease payment of \$14,000 per month, with a lease term of sixty-two months. Both leases have clauses to renew if desired. Lease payments for years ended June 30, 2022 was \$225,013. The following future lease payments are based on the assumption that the leases will be renewed thru June 30, 2027.

Future lease payments as of June 30, 2022 are as follows:

2023	\$ 223,608
2024	223,608
2025	223,608
2026	223,608
2027	223,608
	<u>\$1,118,040</u>

**NOTE 6: INTEREST**

For the year ended June 30, 2022 total cash paid for interest was \$24,166, all of which was expensed.

**NOTE 7: LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditures, that is without donor restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial Assets at fiscal year end:	
Cash and cash equivalents	\$5,909,101
Investments	320,906
Endowment funds	2,892,580
Promises to give	<u>584,473</u>
Total current financial assets available	<u>\$9,707,060</u>

Less those unavailable for general expenditures due to:

Purpose restricted net assets	6,421,595
Net assets without restrictions under Board designation	<u>2,892,580</u>

Financial assets available at the year end

\$ 392,885

**SAMARITAN HOUSE COMMUNITY CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7-LIQUIDITY AND AVAILABILITY-CONTINUED**

As part of the Center's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**NOTE 8-NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of assets whose use is limited by donor imposed, time and/or purpose restrictions. At June 30, 2022 net assets with donor restrictions consisted of \$45,000 and funds restricted by donors for certain programs but had not been spent in the amount of amount of \$6,583,530.

**NOTE 9-ENDOWMENT FUNDS-DESIGNATED**

A contribution in the amount of \$3,339,332 was designated by the board as an endowment fund. These funds were placed with an outside investment firm with the Center's governing board to approve overall investment strategy. All withdrawals from endowment fund requires the approval of the governing board. The value of the endowment funds at June 30, 2022 was \$2,892,580.

**NOE 10-PROMISES TO GIVE**

Unconditional promises to give in the amount of \$584,473 are restricted for new building costs. These promises to give are expected to be collected with one year from June 30, 2022.

**NOTE 11-SUBSEQUENT EVENTS**

Subsequent events were evaluated through February 20, 2024. the date the financial statements were available to be issued.