

2022

Consolidated Financial Statements

The Samaritan Women, Inc. and Subsidiary

December 31, 2022 and 2021



Consolidated Financial Statements

The Samaritan Women, Inc. and Subsidiary

December 31, 2022 and 2021

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Independent Auditors' Report

To the Board of Directors
The Samaritan Women, Inc. and Subsidiary
Louisville, Kentucky

Opinion

We have audited the accompanying consolidated financial statements of The Samaritan Women, Inc. and wholly-owned subsidiary of John 4 Management, LLC (the "Subsidiary") (collectively referred to as the "Organization") , which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits 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 Consolidated 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 audits. 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 Consolidated Financial Statements

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

In preparing the consolidated 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 within one year after the date that the consolidated financial statements are available to be issued.

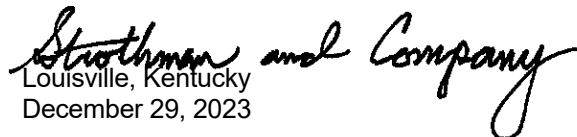
Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, including omissions, 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 consolidated 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 consolidated 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 consolidated 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 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 consolidated 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.


Louisville, Kentucky
December 29, 2023

Consolidated Statements of Financial Position

The Samaritan Women, Inc. and Subsidiary

| | December 31 | |
|--|---------------------|---------------------|
| | 2022 | 2021 |
| Assets | | |
| Current Assets | | |
| Cash | \$ 926,780 | \$ 356,363 |
| Restricted cash | | 13,193 |
| Investments | 32,669 | 34,881 |
| Accounts receivable | 1,949 | 25,750 |
| Contributions receivable | | 15,060 |
| Grants receivable | 150,250 | 653,650 |
| Mortgage receivable | | 207,013 |
| Prepaid expenses | 14,000 | 12,042 |
| | <hr/> | <hr/> |
| Total Current Assets | 1,125,648 | 1,317,952 |
| Property and Equipment, net | | |
| Land | | 80,000 |
| Building | | 387,873 |
| Building improvements | | 467,353 |
| Vehicles | 4,000 | 15,150 |
| Equipment and software | | 90,732 |
| | | <hr/> |
| | 4,000 | 1,041,108 |
| Less accumulated depreciation | <hr/> (4,000) | <hr/> (191,407) |
| | | <hr/> |
| Total Property and Equipment, net | | 849,701 |
| | | <hr/> |
| | Total Assets | \$ 2,167,653 |
| | \$ 1,125,648 | \$ 2,167,653 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 3,503 | \$ 78,321 |
| Payroll liabilities | 9,127 | 46,647 |
| Deferred revenue | | 35,500 |
| Mortgage payable | | 129,626 |
| | | <hr/> |
| Total Liabilities | 12,630 | 290,094 |
| Net Assets | | |
| Without donor restrictions | 869,820 | 1,641,910 |
| With donor restrictions | 243,198 | 235,649 |
| | <hr/> | <hr/> |
| Total Net Assets | 1,113,018 | 1,877,559 |
| | <hr/> | <hr/> |
| Total Liabilities and Net Assets | \$ 1,125,648 | \$ 2,167,653 |
| | <hr/> <hr/> | <hr/> <hr/> |

See Notes to Consolidated Financial Statements

Consolidated Statements of Activities

The Samaritan Women, Inc. and Subsidiary

| | Year Ended December 31 | | | | | |
|--|----------------------------------|-------------------------------|---------------------|----------------------------------|-------------------------------|---------------------|
| | 2022 | | | 2021 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and Revenue | | | | | | |
| Grants | \$ 61,822 | \$ 265,000 | \$ 326,822 | \$ 54,775 | \$ 203,400 | \$ 258,175 |
| Contributions | 335,416 | | 335,416 | 464,060 | | 464,060 |
| In-kind contributions | | | | 15,844 | | 15,844 |
| Event income | | | | 3,194 | | 3,194 |
| Program income | 121,537 | | 121,537 | 76,968 | | 76,968 |
| Net investment return | 776 | | 776 | 664 | | 664 |
| Net assets released from restrictions | 257,451 | (257,451) | | 417,401 | (417,401) | |
| Total Support and Revenue | 777,002 | 7,549 | 784,551 | 1,032,906 | (214,001) | 818,905 |
| Expenses | | | | | | |
| Program services | 919,128 | | 919,128 | 871,104 | | 871,104 |
| Supporting services | | | | | | |
| Management and general | 196,073 | | 196,073 | 289,429 | | 289,429 |
| Fundraising | 137,714 | | 137,714 | 120,106 | | 120,106 |
| Total Expenses | 1,252,915 | | 1,252,915 | 1,280,639 | | 1,280,639 |
| Non-Operating Income | | | | | | |
| Gain (loss) on disposal of property and equipment | (123,666) | | (123,666) | 6,944 | | 6,944 |
| Bad debt on mortgage receivable | (172,511) | | (172,511) | | | |
| Paycheck Protection Program loan forgiveness | | | | 124,002 | | 124,002 |
| Total Non-Operating Income | (296,177) | | (296,177) | 130,946 | | 130,946 |
| Change in Net Assets | (772,090) | 7,549 | (764,541) | (116,787) | (214,001) | (330,788) |
| Net Assets, Beginning of Year | 1,641,910 | 235,649 | 1,877,559 | 1,758,697 | 449,650 | 2,208,347 |
| Net Assets, End of Year | \$ 869,820 | \$ 243,198 | \$ 1,113,018 | \$ 1,641,910 | \$ 235,649 | \$ 1,877,559 |

See Consolidated Notes to Financial Statements

Consolidated Statement of Functional Expenses

The Samaritan Women, Inc. and Subsidiary

For the Year Ended December 31, 2022

| | Program Services | | | | Supporting Services | | | Grand Total |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------|-------------------|-------------------|---------------------|
| | Academy | Impact | Research | Total | Management and General | Fundraising | Total | |
| Salaries | \$ 353,665 | \$ 79,819 | \$ 91,542 | \$ 525,026 | \$ 125,804 | \$ 46,653 | \$ 172,457 | \$ 697,483 |
| Payroll tax | 34,000 | 8,132 | 9,305 | 51,437 | 12,751 | 4,755 | 17,506 | 68,943 |
| Employee benefits | 4,677 | 1,120 | 1,280 | 7,077 | 1,755 | 697 | 2,452 | 9,529 |
| | 392,342 | 89,071 | 102,127 | 583,540 | 140,310 | 52,105 | 192,415 | 775,955 |
| Adjuncts for Intensives | 36,668 | | | 36,668 | | | | 36,668 |
| Advertising and promotion expenses | 2,948 | 983 | | 3,931 | | 17,100 | 17,100 | 21,031 |
| Board miscellaneous | 68 | 14 | 14 | 96 | 14 | 27 | 41 | 137 |
| Contractors | 24,489 | 10,144 | 8,283 | 42,916 | 4,684 | 14,027 | 18,711 | 61,627 |
| Contributions | 13,920 | 6,960 | 3,480 | 24,360 | | 10,440 | 10,440 | 34,800 |
| Depreciation | 2,530 | 571 | 655 | 3,756 | 900 | 334 | 1,234 | 4,990 |
| Dues and subscriptions | 3,451 | | | 3,451 | | | | 3,451 |
| Insurance | 12,648 | 6,325 | 3,162 | 22,135 | 4,652 | 4,562 | 9,214 | 31,349 |
| Legal | 11,890 | | | 11,890 | | | | 11,890 |
| Office expense | 5,989 | 1,197 | 1,198 | 8,384 | 1,198 | 2,395 | 3,593 | 11,977 |
| Interest | 638 | | | 638 | | | | 638 |
| Occupancy | | | | | | | | |
| Rent | 17,495 | 3,948 | 4,528 | 25,971 | 6,223 | 2,308 | 8,531 | 34,502 |
| Utilities | 7,401 | 3,701 | 1,850 | 12,952 | 1,850 | 3,700 | 5,550 | 18,502 |
| Payroll/401(k) services | 1,937 | 968 | 484 | 3,389 | 484 | 969 | 1,453 | 4,842 |
| Permits | 883 | 442 | 221 | 1,546 | 221 | 442 | 663 | 2,209 |
| Professional services | 962 | | | 962 | 18,408 | | 18,408 | 19,370 |
| Recruitment and volunteer | 7,088 | 3,544 | 3,426 | 14,058 | 121 | 3,504 | 3,625 | 17,683 |
| Technology | 32,431 | 7,118 | 7,934 | 47,483 | 10,318 | 6,374 | 16,692 | 64,175 |
| Travel | 41,862 | 19,427 | 9,713 | 71,002 | 6,690 | 19,427 | 26,117 | 97,119 |
| Total Expenses | \$ 617,640 | \$ 154,413 | \$ 147,075 | \$ 919,128 | \$ 196,073 | \$ 137,714 | \$ 333,787 | \$ 1,252,915 |

See Notes to Consolidated Financial Statements

Consolidated Statement of Functional Expenses

The Samaritan Women, Inc. and Subsidiary

For the Year Ended December 31, 2021

| | Program Services | | | | | Supporting Services | | | Grand Total |
|------------------------------------|----------------------|------------------|----------------------------|--------------------------------|-------------------|------------------------|-------------------|-------------------|---------------------|
| | Community Engagement | National Leaders | Institute for Shelter Care | Assessment (Survivor Services) | Total | Management and General | Fundraising | Total | |
| Salaries | \$ 250,260 | \$ 6,950 | \$ 310,501 | \$ 1,609 | \$ 569,320 | \$ 150,930 | \$ 33,109 | \$ 184,039 | \$ 753,359 |
| Payroll tax | 22,410 | 596 | 27,841 | 139 | 50,986 | 13,465 | 2,922 | 16,387 | 67,373 |
| Employee benefits | 3,130 | 11 | 12,240 | | 15,381 | 2,066 | 465 | 2,531 | 17,912 |
| | 275,800 | 7,557 | 350,582 | 1,748 | 635,687 | 166,461 | 36,496 | 202,957 | 838,644 |
| Adjuncts for Intensives | 9,250 | | 6,837 | | 16,087 | | | | 16,087 |
| Advertising and promotion expenses | 747 | | 262 | | 1,009 | | 14,756 | 14,756 | 15,765 |
| Conferences and meetings | | | | | | 1,766 | | 1,766 | 1,766 |
| Contractors | 1,604 | | 15,918 | | 17,522 | 20,016 | 48,675 | 68,691 | 86,213 |
| Depreciation | 2,684 | | 12,383 | 6,698 | 21,765 | 6,094 | | 6,094 | 27,859 |
| Events | | | | | | | 165 | 165 | 165 |
| Furnishings and repairs | 48 | | 5,218 | | 5,266 | 14,372 | | 14,372 | 19,638 |
| Insurance | | | 5,235 | | 5,235 | 25,296 | | 25,296 | 30,531 |
| Miscellaneous | 3,323 | 24 | 1,039 | 1,083 | 5,469 | 6,086 | 220 | 6,306 | 11,775 |
| Office expense | 709 | | 1,991 | 4 | 2,704 | 436 | 30 | 466 | 3,170 |
| Interest | | | 4,077 | 1,504 | 5,581 | | | | 5,581 |
| Taxes | | | 15,270 | | 15,270 | 3,106 | | 3,106 | 18,376 |
| Occupancy | | | | | | | | | |
| Rent | 22,923 | 637 | 28,440 | 147 | 52,147 | 13,824 | 3,033 | 16,857 | 69,004 |
| Utilities | 4,643 | | 9,987 | 1,975 | 16,605 | 5,448 | 1,350 | 6,798 | 23,403 |
| Payroll/401(k) services | | | | | | 2,120 | | 2,120 | 2,120 |
| Professional services | | | 12,000 | | 12,000 | 10,035 | 15,000 | 25,035 | 37,035 |
| Recruitment and volunteer | | | | | | 923 | | 923 | 923 |
| Technology | 120 | | 120 | | 240 | 1,076 | 381 | 1,457 | 1,697 |
| Travel | 11,940 | 12,375 | 30,193 | 316 | 54,824 | 10,666 | | 10,666 | 65,490 |
| Vehicles | | | 3,693 | | 3,693 | 1,704 | | 1,704 | 5,397 |
| Total Expenses | \$ 333,791 | \$ 20,593 | \$ 503,245 | \$ 13,475 | \$ 871,104 | \$ 289,429 | \$ 120,106 | \$ 409,535 | \$ 1,280,639 |

See Notes to Consolidated Financial Statements

Consolidated Statements of Cash Flows

The Samaritan Women, Inc. and Subsidiary

| | Year Ended December 31 | |
|---|-------------------------------|--------------------------|
| | 2022 | 2021 |
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ (764,541) | \$ (330,788) |
| Adjustments to reconcile change in net assets to net cash used in operating activities | | |
| Depreciation | 4,990 | 27,859 |
| Loss (gain) on disposal of property and equipment | 123,666 | (6,944) |
| Donated marketable securities | | (15,764) |
| Noncash bad debt of mortgage receivable | 207,013 | |
| Paycheck Protection Program loan forgiveness | | (124,002) |
| Changes in operating assets and liabilities | | |
| Accounts receivable | 23,801 | (4,750) |
| Contributions receivable | 15,060 | 48,814 |
| Grants receivable | 503,400 | 250,750 |
| Prepaid expenses | (813) | (9,842) |
| Accounts payable and accrued expenses | (74,818) | 49,655 |
| Payroll liabilities | (37,520) | 6,842 |
| Deferred revenue | (35,500) | 5,500 |
| | <u>(35,262)</u> | <u>(102,670)</u> |
| Net Cash Used In Operating Activities | (35,262) | (102,670) |
| Cash Flows From Investing Activities | | |
| Purchase of property and equipment | | (113,144) |
| Proceeds from sale of property and equipment | 719,900 | 6,944 |
| Purchase of investments | | (15,173) |
| Proceeds from sale of investments | 2,212 | 15,261 |
| Collection on mortgage receivable | | 69,004 |
| | <u>722,112</u> | <u>(37,108)</u> |
| Net Cash Provided By (Used In) Investing Activities | 722,112 | (37,108) |
| Cash Flows From Financing Activity | | |
| Principal payments on mortgage | (129,626) | (20,411) |
| | <u>(129,626)</u> | <u>(20,411)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 557,224 | (160,189) |
| Cash and Restricted Cash, Beginning of Year | <u>369,556</u> | <u>529,745</u> |
| Cash and Restricted Cash, End of Year | <u><u>\$ 926,780</u></u> | <u><u>\$ 369,556</u></u> |
| Supplemental Disclosure of Cash Flow Information | | |
| Cash paid during the year for interest | <u>\$ 638</u> | <u>\$ 5,752</u> |
| Supplemental Disclosure of Non-Cash Operating Activities | | |
| Non-cash in-kind contributions | | <u>\$ 80</u> |
| Gifts received in stock contributions | | <u>\$ 15,764</u> |

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

The Samaritan Women, Inc. and Subsidiary

December 31, 2022 and 2021

Note A--Description of Organization

Nature of Organization--The Samaritan Women, Inc. and Subsidiary (the "Organization") is a nonstock, nonprofit organization formed in 2007 in Baltimore, Maryland. The Organization is a national Christian organization providing restorative care to survivors and bringing about an end to domestic human trafficking through awareness, prevention, and advocacy.

The Organization operates transitional and restorative shelter programs for women recovering from domestic human trafficking. The program's emphasis is on life-rebuilding, personal accomplishments, social re-entry, and spiritual reconciliation. The Organization also seeks to inspire people inside and outside of the Church to engage in combatting domestic human trafficking through awareness, prevention, service, and advocacy.

In 2022, the Organization was rebranded as The Institute for Shelter Care and moved its headquarters from Maryland to Kentucky. The Institute for Shelter Care continues to focus on equipping shelter programs, serving victims of sexual exploitation and conducting national research to improve our nation's response to victim care.

Principles of Consolidation--During the year ended December 31, 2016, John 4 Management, LLC was established to purchase real property. The Organization is the sole member of John 4 Management, LLC. The accompanying consolidated financial statements include the accounts of The Samaritan Women, Inc. and its wholly owned subsidiary, John 4 Management, LLC. Intercompany transactions and balances have been eliminated in consolidation.

Program Services--The following major program services included in the accompanying consolidated financial statements:

For the Year Ended December 31, 2022:

Academy: The Organization trains new and existing shelters to increase their stability and effectiveness. Additionally, the organization has introduced a national case management system and created a national network of pro-bono attorneys to provide counsel for shelters.

Impact: Events for community leaders in Louisville and Lexington are hosted by the organization to create awareness about it. A national simulcast is also broadcast to also heighten awareness. The organization also hosts a retreat for shelter leaders across the country to provide encouragement and collaboration.

Research: The Organization publishes a national study of over 3,500 cases of sex trafficking. The Organization also produces studies to be used by shelter workers.

Continued

Notes to Consolidated Financial Statements--Continued

The Samaritan Women, Inc. and Subsidiary

December 31, 2022 and 2021

Note A--Description of Organization--Continued

For the Year Ended December 31, 2021:

Community Engagement: The Organization's anti-trafficking efforts focus on Education, awareness, advocacy, and prevention. We have reached over 150,000 people with the message of anti-human trafficking, victimology, and victim services, ranging from youth to retirees, churches, civic groups, schools, professionals, and from Grassroots activists to federal government officials.

National Leaders: This program supports executive directors of trafficking shelters. This includes hosting an annual retreat, providing them with information, webinars, and resources, fielding their questions, facilitating networking among leaders, and providing ongoing prayer support.

Institute for Shelter Care: A 5-year initiative to address the national deficit of shelter options for victims of sexual exploitation. The Organization provides training and mentoring to support the creation of new shelter programs across the county and conducts research to improve program operations and the quality of care for survivors.

Assessment (Survivor Services): Supports the graduates of the program, including temporary housing.

Note B--Summary of Significant Accounting Policies

Basis of Accounting--The Organization's policy is to prepare its consolidated financial statements on the accrual basis of accounting and, accordingly, reflect receivables, payables, and other assets and liabilities. The Organization recognizes revenues when earned and expenses when incurred.

Financial Statement Presentation--The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent the portion of net assets that is not subject to donor-imposed restrictions. Such net assets are available for use at the discretion of management and/or the Board of Directors for general operating purposes. The Board of Directors may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions represent the portion of net assets that is subject to donor-imposed restrictions. Such restrictions may specify a purpose for which, or time in which, resources can be used. Some net assets with donor restrictions include stipulations that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

Continued

The Samaritan Women, Inc. and Subsidiary

December 31, 2022 and 2021

Note B--Summary of Significant Accounting Policies--Continued

Restricted Cash--Restricted cash includes contributions received during the year which are designated to be used towards payment of certain expenses of the Ministry Foundation training program.

Donated Services--The Organization receives various types of in-kind support including contributed professional services. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value or cost when received. Additionally, the Organization receives a significant amount of skilled, contributed time which does not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying consolidated financial statements.

Contribution of Long-Lived Assets--The Organization receives contributions of long-lived assets in the form of tangible property. The Organization recognizes all tangible property received as income in the period received. Tangible property is reported as with or without donor restriction depending on the existence of donor stipulations that limit the use of the property. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities as "net assets released from restrictions."

Investments--Investments are reported at their fair value in the consolidated statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note G for a discussion of fair value measurements. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Accounts Receivable--Accounts receivable are uncollateralized obligations and generally require payment within thirty days from the invoice date. Accounts receivables are stated at the invoice amount. Payments of accounts receivable are applied to the specific invoices identified on the grantor's remittance advice or, if unspecified, to the earliest unpaid invoices. The allowance for doubtful accounts is based on management's assessment of the collectability of specific accounts and the aging of the accounts receivable. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. No allowance for uncollectible accounts is provided for the accounts receivable because management does not deem it necessary based on historical collection experience.

Grants and Contributions Receivable--Grants and contributions receivable represent amounts due from unrelated third parties and are recorded at their net realizable value. The Organization provides an allowance for doubtful accounts, as needed, for amounts deemed uncollectible. The allowance is based on historical experience and management's analysis of accounts receivable. As of December 31, 2022 and 2021, no allowance was deemed necessary.

Continued

The Samaritan Women, Inc. and Subsidiary

December 31, 2022 and 2021

Note B--Summary of Significant Accounting Policies--Continued

Property and Equipment--Property and equipment are stated at cost, if purchased, or at fair value at the date of the gift, if donated. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Expenditures for maintenance and repairs are charged against operations as expended. Renewals and betterments that materially extend the life of the assets are capitalized. The Organization's policy is to capitalize all property expenditures and renewals and betterments greater than \$2,500 with a useful life of a year or more. The cost or fair value of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. The following represents the estimated useful lives:

| <u>Category</u> | <u>Years</u> |
|------------------------------------|--------------|
| Building and building improvements | 7- 39 |
| Automobiles | 5 |
| Equipment | 7 |

During 2022, the Organization sold land and buildings as part of their relocation to Kentucky. The Organization had also leased property (see Note K) adjacent to the land and buildings that were sold. The lease was terminated during 2022 and all leasehold improvements were abandoned and shown as a loss on the disposal of assets in the consolidated statements of activities for the year ended December 31, 2022.

Deferred Revenue--The Organization receives the fees for its mentorship program in advance from the mentees. The funds are deferred and recognized in the period in which the course is completed. As of December 31, 2022 and 2021, the balance of deferred revenue was \$- and \$35,500, respectively.

Support and Revenue--Grants and contributions are recorded as revenue with or without donor restrictions depending on the existence and nature of any restrictions. Contribution support is reported as revenue without donor restrictions if the restrictions are met in the reporting period in which the contribution is recognized or as with donor restrictions depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. The Organization recognizes all contributions and support as income in the period received. These amounts are recorded at fair value at the date of the contributions.

Program income consists of registration fees which consists of a single performance obligation that is recorded at a point in time. Registration fees for events are recorded at the time of ticket purchase with income deferred for events which have not yet taken place as of yearend.

Continued

The Samaritan Women, Inc. and Subsidiary

December 31, 2022 and 2021

Note B--Summary of Significant Accounting Policies--Continued

Event income has a single performance obligation which is satisfied over time. The Organization recognizes revenue from fixed-priced contracts for each event. The contract specifies the date the event is to be held. Contract modifications or refunds are completed prior to the beginning of the event date. Revenue is recognized at the completion of each event. Amounts are billed once the contract is signed. Accounts receivable (contract assets) are amounts that have been billed and not collected. Deferred revenue represents deposits (contract liabilities) that are collected prior to the completion of the event date. These deposits are satisfied when revenue is recognized.

| Revenue Type | Timing of Revenue Recognition | Year Ended December 31 | |
|--------------------------|-------------------------------|------------------------|-------------------|
| | | 2022 | 2021 |
| Grants and contributions | Upon receipt | \$ 662,238 | \$ 722,235 |
| In-kind income | Point in time | | 15,844 |
| Event income | Point in time | | 3,194 |
| Program income | Period earned | 121,537 | 76,968 |
| Net investment return | Period earned | 776 | 664 |
| | | <u>\$ 784,551</u> | <u>\$ 818,905</u> |

Functional Allocation of Expenses--Expenses are presented by both function and natural classification in the statement of functional expenses. Expenses that are directly identifiable with a particular function are charged to the program or supporting service benefited. Other expenses may benefit more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include compensation and benefits, which are allocated based on estimates of time and effort, as well as occupancy, which are allocated on the basis of salaries.

Income Taxes--The Samaritan Women, Inc. is exempt from federal income taxes under Internal Revenue Code Section 501(a) as a public charity described in Section 501(c)(3) and has not been classified as a private foundation. The activity of John 4 Management, LLC is reported with the Organization as it is wholly owned. The Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2017.

Advertising Costs--Costs to promote the Organization's programs are expensed as they are incurred and are reflected in the consolidated statements of activities as advertising and promotional expense. Advertising and promotional expense was \$21,031 and \$15,765 for the years ended December 31, 2022 and 2021, respectively.

Continued

Notes to Consolidated Financial Statements--Continued

The Samaritan Women, Inc. and Subsidiary

December 31, 2022 and 2021

Note B--Summary of Significant Accounting Policies--Continued

Use of Estimates--The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, and disclosures at the date of the consolidated financial statements and certain reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications--Certain amounts in the prior period financial statements have been reclassified for comparative purposes to conform to the current year's presentation.

Subsequent Events--Events that occur after the consolidated statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes to consolidated financial statements. Management evaluated the activity of the Organization through December 29, 2023, and concluded to disclose within the notes to the consolidated financial statements.

Note C--Cash and Restricted Cash

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows. Restricted cash includes cash reserved for payment of specific program expenses including scholarships relating to the Ministry Foundation training program.

| | December 31 | |
|---|--------------------|-------------------|
| | 2022 | 2021 |
| Cash | \$ 926,780 | \$ 356,363 |
| Restricted cash for designated program expenses | | 13,193 |
| Totals | \$ 926,780 | \$ 369,556 |

Notes to Consolidated Financial Statements--Continued

The Samaritan Women, Inc. and Subsidiary

December 31, 2022 and 2021

Note D--Grants Receivable

Grants receivable of \$150,250 and \$653,650 as of December 31, 2022 and 2021, respectively, represents amount due from unrelated third parties under grant agreements and are deemed to be fully collectible by management.

| | December 31 | |
|---|--------------------|-------------------|
| | 2022 | 2021 |
| Grants receivable in less than one year | \$ 150,250 | \$ 653,650 |
| Grants Receivables, Net | \$ 150,250 | \$ 653,650 |

Note E--Mortgage Receivable

The Organization accepted a mortgage receivable (see Note H) from a donor in 2018. The Board of Directors agreed on a 6-year amortization at a rate of \$5,750 per month substantiated by local residential and commercial market rates. The operating property associated with the mortgage receivable was sold during 2022. The balance remaining on the mortgage receivable at the time of disposal was recorded as a loss of \$172,511 on the consolidated statement of activities for the year ended December 31, 2022.

Note F--Investments

The Organization has a donor advised fund held at the National Christian Foundation. The following is a summary of investments at fair value:

| | December 31 | |
|--------------------|--------------------|-------------|
| | 2022 | 2021 |
| Money market funds | \$ 32,669 | \$ 34,881 |

The following schedule summarizes the net investment return in the consolidated statements of activities:

| | Year Ended December 31 | |
|--------------------------|-------------------------------|---------------|
| | 2022 | 2021 |
| Interest and dividends | \$ 1,065 | \$ 913 |
| Less investment expenses | (289) | (249) |
| | \$ 776 | \$ 664 |

The Samaritan Women, Inc. and Subsidiary

December 31, 2022 and 2021

Note G--Fair Value Measurements

The Organization's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis on December 31, 2022 and 2021 is as follows:

| December 31, 2022 | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Quoted Prices in Active Markets for Similar Assets (Level 2) | Unobservable Inputs (Level 3) |
|-----------------------------------|-------------------|---|---|--|
| Money market funds | \$ 32,669 | | \$ 32,669 | |
| Total Assets at Fair Value | \$ 32,669 | \$ | \$ 32,669 | \$ |
| December 31, 2021 | | | | |
| Money market funds | \$ 34,881 | | \$ 34,881 | |
| Total Assets at Fair Value | \$ 34,881 | \$ | \$ 34,881 | \$ |

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets, and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The Organization's investments were measured using Level 2 inputs. No Level 1 or Level 3 inputs were used.

Level 2 Fair Value Measurements

The underlying money market funds held by the National Christian Foundation are listed or traded on a national market or exchange and are value at the last sales price, or if there is no sale and the market is still considered active, the last bid and asked price on such exchange. Such investments are classified within Level 2 on the valuation hierarchy.

Continued

The Samaritan Women, Inc. and Subsidiary

December 31, 2022 and 2021

Note G--Fair Value Measurements--Continued

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended December 31, 2022 and 2021.

Note H--Mortgage Payable

Land and buildings purchased for the Organization's use in December 2016 were subject to a mortgage payable of \$230,000. Principal and interest payments of \$2,378 were due monthly with a balloon payment of \$130,104 due on December 28, 2021. The land and buildings were sold in January 2022 and the balance of the mortgage was paid at the time of the sale. The mortgage had a fixed interest rate of 4.39% and the balance outstanding as of December 31, 2021 was \$129,626.

Note I--Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

| | <u>December 31 2021</u> | <u>Additions</u> | <u>Releases from Restrictions</u> | <u>December 31 2022</u> |
|--|-----------------------------|-------------------|---------------------------------------|-----------------------------|
| Purpose restrictions, available for spending | | | | |
| Training program | | \$ 225,000 | | \$ 225,000 |
| Director for spiritual care | \$ 32,249 | | \$ 14,051 | 18,198 |
| Client management software | 203,400 | | 203,400 | |
| | <u>\$ 235,649</u> | <u>\$ 225,000</u> | <u>\$ 217,451</u> | <u>\$ 243,198</u> |

Net assets with donor restrictions are available for the following purposes:

| | <u>December 31 2020</u> | <u>Additions</u> | <u>Releases from Restrictions</u> | <u>December 31 2021</u> |
|--|-----------------------------|-------------------|---------------------------------------|-----------------------------|
| Purpose restrictions, available for spending | | | | |
| Board development | \$ 11,571 | | \$ 11,571 | |
| Director for spiritual care | 72,388 | | 40,139 | \$ 32,249 |
| Graduate program | 9,124 | | 9,124 | |
| Institute for shelter care | 249,656 | | 249,656 | |
| Restorative program | 6,911 | | 6,911 | |
| Shelter program | 100,000 | | 100,000 | |
| Client management software | | \$ 203,400 | | 203,400 |
| | <u>\$ 449,650</u> | <u>\$ 203,400</u> | <u>\$ 417,401</u> | <u>\$ 235,649</u> |

The Samaritan Women, Inc. and Subsidiary

December 31, 2022 and 2021

Note J--Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

| | December 31 | |
|---|--------------------------|--------------------------|
| | 2022 | 2021 |
| Financial Assets | | |
| Cash | \$ 926,780 | \$ 356,363 |
| Restricted cash | | 13,193 |
| Investments | 32,669 | 34,881 |
| Accounts receivable | 1,949 | 25,750 |
| Contribution receivable | | 15,060 |
| Grants receivable | 150,250 | 653,650 |
| Mortgage receivable | | 207,013 |
| | <u>1,111,648</u> | <u>1,305,910</u> |
| Less those unavailable for general expenditures within one year, due to: | | |
| Long-term mortgage receivable | | 138,009 |
| Restricted cash | | 13,193 |
| Restricted by donors with purpose or time restrictions | <u>243,198</u> | <u>235,649</u> |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | <u><u>\$ 868,450</u></u> | <u><u>\$ 919,059</u></u> |

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note K--Related Party Transactions

The Organization leases its facilities from Chapel Grace, LLC, which was formed to purchase the property in 2007. Chapel Grace, LLC is owned by the executive director of the Organization. The executive director is the guarantor on the mortgage on the property. The Organization renovated and currently operates the property. As discussed in Note E, the third-party holder of the mortgage on the property donated the remaining value of the mortgage to the Organization during the year ended December 31, 2018.

Continued

The Samaritan Women, Inc. and Subsidiary

December 31, 2022 and 2021

Note K--Related Party Transactions--Continued

In January 2022, the Organization sold the land and buildings adjacent to the leased property. The leased property was abandoned when the Organization relocated to Kentucky. The loss related to the abandonment of the leased property is included in the consolidated statement of activities. Lease payments from the Organization to Chapel Grace ceased as did debt payments from Chapel Grace to the Organization, the mortgage holder. As discussed in Note E, the balance of the mortgage receivable was expensed as a bad debt during the year ended December 31, 2022.

In January 2013, the Organization entered into an amended lease agreement for housing and office space with Chapel Grace, LLC. The lease agreement was extended for an additional four years, through December 31, 2016. In 2019, the Organization signed a retroactive lease effective beginning January 1, 2018, for a term of seven years ending December 31, 2024. Total rent expense under the lease was \$34,502 and \$69,004 for each of the years ended December 31, 2022 and 2021, respectively. In 2022, this lease was terminated due to the moving of the Organization from Maryland to Kentucky.

Note L--Concentrations and Credit Risk

During the years ended December 31, 2022 and 2021, the Organization received a donation from one grantor that comprised 19% and 52% of its total support and revenue for the year and comprised 97% and 58% of its grants receivable as of December 31, 2022 and 2021, respectively.

In the ordinary course of business, the Organization's cash and investments balances may exceed the FDIC insurance limits. The Organization continually review credit concentrations as part of its asset and liability management.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Note M--Conditional Grants

In 2021, the Organization received a grant of \$654,000, of which \$450,600 is conditional upon the implementation of software in a certain number of shelters within specified timelines. As these amounts are subject to these conditions, the grant revenues will be recognized as the conditions have been met. During the years ended December 31, 2022 and 2021, \$150,000 for each year was recorded as grants receivable and grant income as a result of the related conditions having been achieved.