

THE SAMARITAN WOMEN, INC., dba
INSTITUTE FOR SHELTER CARE
LA GRANGE, KENTUCKY

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

HICKS & ASSOCIATES CPAS
CERTIFIED PUBLIC ACCOUNTANTS

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Hicks & Associates CPAs, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Samaritan Women, Inc.
La Grange, Kentucky

Opinion

We have audited the accompanying financial statements of The Samaritan Women, Inc. (Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the change 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 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT

-CONTINUED-

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 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 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.

Hicks & Associates CPAs

Lexington, Kentucky

August 29, 2024

THE SAMARITAN WOMEN, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 872,164
Investments	32,811
Accounts receivable	5,250
Prepaid expenses	11,909
TOTAL CURRENT ASSETS	922,134
PROPERTY AND EQUIPMENT	
Vehicles	4,000
Accumulated depreciation	(4,000)
PROPERTY AND EQUIPMENT, NET	-
OTHER ASSETS	
Cash and cash equivalents - restricted	112,315
Grants receivable - restricted	500,000
TOTAL OTHER ASSETS	612,315
TOTAL ASSETS	\$ 1,534,449
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 19,181
Payroll liabilities	14,503
Deferred revenue	33,350
TOTAL CURRENT LIABILITIES	67,034
NET ASSETS	
Without donor restrictions	855,100
With donor restrictions	612,315
TOTAL NET ASSETS	1,467,415
TOTAL LIABILITIES AND NET ASSETS	\$ 1,534,449

See Notes to Financial Statements.

THE SAMARITAN WOMEN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 290,354	\$ -	\$ 290,354
Grants and awards	843,365	576,055	1,419,420
Interest income	667	-	667
Investment income, net	658	-	658
Other income	7,471	-	7,471
Program fees	96,019	-	96,019
Net assets released from restrictions	170,036	(170,036)	-
TOTAL SUPPORT AND REVENUE	1,408,570	406,019	1,814,589
EXPENSES			
Program services	992,829	-	992,829
Management and general	182,437	-	182,437
Fundraising	125,976	-	125,976
TOTAL EXPENSES	1,301,242	-	1,301,242
CHANGE IN NET ASSETS	107,328	406,019	513,347
NET ASSETS, BEGINNING OF YEAR	747,772	206,296	954,068
NET ASSETS, END OF YEAR	\$ 855,100	\$ 612,315	\$ 1,467,415

See Notes to Financial Statements.

THE SAMARITAN WOMEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL EXPENSES
EXPENSES				
Salaries	\$ 476,406	\$ 131,326	\$ 90,811	\$ 698,543
Payroll tax	37,048	10,352	7,083	54,482
Employee benefits	6,038	1,687	1,154	8,879
	<u>519,492</u>	<u>143,365</u>	<u>99,048</u>	<u>761,904</u>
Advertising	9,363	432	4,610	14,405
Bank charges	2,317	579	-	2,896
Contract services	126,367	2,689	5,377	134,433
Dues and subscriptions	-	-	1,900	1,900
Facilities and equipment	41	2,029	-	2,070
Insurance	11,338	2,877	2,708	16,922
Meals and entertainment	5,697	3,977	1,075	10,748
Professional services	58,863	7,271	3,116	69,251
Scholarships	74,780	-	-	74,780
Supplies	-	21	-	21
Taxes and licenses	4,273	777	499	5,549
Technology	119,488	3,773	2,516	125,777
Training and development	7,477	3,738	1,246	12,462
Travel and meetings	51,756	9,057	3,882	64,695
Utilities	1,577	1,852	-	3,429
TOTAL EXPENSES	<u>\$ 992,829</u>	<u>\$ 182,437</u>	<u>\$ 125,976</u>	<u>\$ 1,301,242</u>

See Notes to Financial Statements.

THE SAMARITAN WOMEN, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in total net assets	\$ 513,347
Adjustments to reconcile change in total net assets to net change in cash from operating activities:	
Interest and dividends reinvested	(142)
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Grants receivable	(500,000)
Accounts receivable	(3,301)
Prepaid expenses	2,091
Increase (decrease) in:	
Accounts payable	6,977
Payroll liabilities	5,376
Deferred revenue	33,350
NET CHANGE IN CASH FROM OPERATING ACTIVITIES	<u>57,699</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	57,699
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>926,780</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 984,479</u></u>
Cash paid for interest during the year	<u><u>\$ -</u></u>

See Notes to Financial Statements.

THE SAMARITAN WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Samaritan Women, Inc., herein referred to as 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 previously operated transitional and restorative shelter programs for women recovering from domestic human trafficking with emphasis on life-rebuilding, personal accomplishments, social re-entry, and spiritual reconciliation.

In 2019, the Organization began phasing down its residential programs. In 2022, the Organization rebranded as The Institute for Shelter Care and moved its headquarters from Maryland to Kentucky. The Organization launched the National Case Management System (NCMS) to consistently and accurately collect and report shelter data for program evaluation and improvement. The Organization continues to focus on equipping shelter programs by offering training and resources, serving victims of sexual exploitation and conducting national research to improve our nation's response to victim care.

Basis of Financial Statements

The Organization prepares its financial statements on the accrual basis of accounting whereby revenue is recognized as earned and expenses are recorded as incurred. The Organization is required to report information regarding their 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.

Net assets with donor restrictions represent the portion of net assets that is subject to donor-imposed restrictions. Such restrictions are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor; or the restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could vary from the estimates that were used.

THE SAMARITAN WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less and not held within the investment portfolio to be cash and cash equivalents.

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total in the statement of cash flows as of December 31, 2023.

Cash in bank:	
Unrestricted	\$872,164
Restricted	112,315
Total cash and cash equivalents	<u>\$984,479</u>

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statements of financial position and activities.

Accounts Receivable

Accounts receivable are uncollateralized obligations and generally require payment within thirty days from the invoice date. 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 expected credit losses 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 expected credit losses. No allowance for expected credit losses is provided for accounts receivable because management does not deem it necessary based on historical collection experience. The balance of accounts receivable as of the beginning and end of the year was \$1,949 and \$5,250, respectively.

Grants Receivable

Grants receivable represents funds earned and/or awarded in accordance with the grant requirements but not yet received. The balance of grants receivable as of the beginning and end of the year was \$0 and \$500,000, respectively.

THE SAMARITAN WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment

Property and equipment are recorded at cost if purchased, or fair value on the date of the gift, if donated. The Organization capitalizes assets acquired for \$2,500 or more. These assets are depreciated over their estimated useful lives using the straight-line method. Depreciation expense for the year ended December 31, 2023 was \$0.

As of December 31, 2023, property and equipment consisted of the following:

Vehicles	\$ 4,000
Less: accumulated depreciation	(4,000)
Property and equipment - net	<u>\$ -</u>

Compensated Absences

Employees of the Organization are entitled to paid compensated absences, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the financial statements. The Organization's policy is to recognize the cost of compensated absences when actually paid.

Deferred Revenue

The Organization, on occasion, receives fees for its training and subscriptions in advance. The funds are deferred and recognized on a straight-line basis over the subscription term. The balance of deferred revenue as of the beginning and end of year was \$0 and \$33,350, respectively.

Revenue Recognition - Contributions, Grants, and Other Revenue

Contributions are defined as voluntary, non-reciprocal transfers. Unrestricted contributions are recognized as support when received or pledged, if applicable. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 statement of activities as net assets released from restrictions.

Grant revenue is deemed to be earned and reported when awarded. On occasion, the Organization receives grant revenues which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses and grant revenues are recognized as the conditions are met.

Program fees income consists of fees for classroom-based training events as well as subscription fees for ShelterU, the online learning platform and the National Case Management System (NCMS) database. Class-room based training fees are recorded at the time of the purchase with income deferred for events which have not yet taken place as of year-end. Subscription fees are recorded on a straight-line basis over the subscription period. Any funds paid in advance are deferred and recorded as earned.

THE SAMARITAN WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Donated Facilities and Services

Donated services are recognized as contributions in accordance with GAAP, as the management of the Organization believes such services require specialized skills and would otherwise be purchased. Donated services and facilities are recognized as contributions and expenses at their estimated fair value on the date of the donation.

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expense for the year ended December 31, 2023 was \$14,405.

Functional Expenses

The costs of program and supporting services activities have been summarized in the statement of activities. The statement of functional expenses presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supported services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied and reviewed annually by management.

Leases

Lease payments for leases with a term of twelve months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is, however, subject to income taxes on "unrelated business income", of which management has determined there was none for the year ended December 31, 2023.

As of December 31, 2023, the Organization has no uncertain tax positions that qualify for disclosure in the financial statements. Tax years still open under federal and state statute of limitations remain subject to review and change.

NOTE B - NET ASSETS

Net assets without donor restrictions:

Total net assets without donor restrictions as of December 31, 2023 were \$855,100.

THE SAMARITAN WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B - NET ASSETS - CONTINUED

Net assets with donor restrictions:

Total net assets with donor restrictions as of December 31, 2023 were \$612,315.

Net assets with donor restrictions as of December 31, 2023 are restricted for the following purposes:

NCMS support	\$228,182
Scholarships for ShelterU subscriptions	5,600
Training for direct care staff	342,273
Triune Care Model Curriculum	36,260
Total	<u>\$612,315</u>

NOTE C - INVESTMENTS AND FAIR VALUES

Investments consist of a money market fund. The Organization records investments at fair value. The fair value hierarchy is used to prioritize the inputs of valuation techniques used to measure fair value for assets and liabilities carried at fair value on the statement of financial position. The inputs are evaluated and an overall level for the measurement is determined. This overall level is an indication of the market observability of the fair value measurement.

The Organization uses a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.
- Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Investments are stated at market value which is approximate to cost and are considered available for sale. Income derived from investments is accounted for in net assets without donor restrictions.

Level 1 investment information as of December 31, 2023:

	<u>FMV</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Money market	\$32,811	\$32,811	\$ -

Summarized below is the net investment return for the year ended December 31, 2023:

Interest and dividends, net	<u>\$142</u>
Total net investment return	<u>\$142</u>

THE SAMARITAN WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE D - RETIREMENT PLAN

The Organization provides a 401k retirement benefit plan for all full-time employees. A full-time employee is eligible to participate after three months of employment. The Organization does not make matching contributions.

NOTE E - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures within one year of the December 31, 2023 statement of financial position date comprise the following:

Financial assets at year-end:	\$1,522,540
Less those unavailable for general expenditures within one year:	
Cash and cash equivalents - restricted	(112,315)
Grants receivable - restricted	<u>(500,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 910,225</u>

As part of the Organization's liquidity management, financial assets are structured to be available as its general expenditures, liabilities, and other obligations come due.

NOTE F - CONCENTRATIONS

Funding Concentrations

The Organization receives a substantial portion of its annual revenues from two restricted grants. For the year ended December 31, 2023, revenue from these two grants represented 66% of the Organization's total revenue.

Concentration of Credit Risk

The Organization has a concentration of credit risk in that it periodically maintains cash deposits in a single financial institution in excess of amounts insured by the FDIC. The Organization has not experienced any losses on such accounts and does not believe that it is subject to significant credit risk related to the accounts.

NOTE G - ADOPTION OF ACCOUNTING PRONOUNCEMENT

Effective January 1, 2023, the Organization adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

THE SAMARITAN WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE H - PRIOR PERIOD RESTATEMENTS

During the year ended December 31, 2023, management determined that, as of December 31, 2022, grants receivable was overstated by \$150,250; accounts payable was understated by \$8,700; net assets without donor restrictions was overstated by \$122,048 and net assets with donor restrictions was overstated by \$36,902. Accordingly, the assets, liabilities, and net assets as of December 31, 2022 were restated to reflect these changes. The restatement had the following effect on the previously issued December 31, 2022 financial statements:

	Originally <u>Reported</u>	Restated <u>Amount</u>
Grants receivable	\$ 150,250	\$ -
Total assets	\$1,125,648	\$ 975,398
Accounts payable	\$ 3,503	\$ 12,203
Total liabilities	\$ 12,630	\$ 21,330
Net assets without donor restrictions	\$ 869,820	\$ 747,772
Net assets with donor restrictions	\$ 243,198	\$ 206,296
Total net assets	\$1,113,018	\$ 954,068

NOTE I - DATE OF MANAGEMENT'S REVIEW

The Organization's subsequent events have been evaluated by management through August 29, 2024, which is the date the financial statements were available to be issued.