

Reviewed  
Financial  
Statements

December 31,  
2015

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Samaritan Fellowship,  
Inc.

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Smith Elliott Kearns & Company, LLC  
Certified Public Accountants & Consultants

## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

Board of Stewards  
Samaritan Fellowship, Inc.  
Carlisle, Pennsylvania

We have reviewed the accompanying financial statements of Samaritan Fellowship, Inc. (a nonprofit organization) which comprise the statements of assets and net assets – modified cash basis as of December 31, 2015 and 2014, and the related statements of support, revenue and expenses, and changes in net assets - modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

*Smith Elliott Kearsy Company, LLC*

Carlisle, Pennsylvania  
January 28, 2016

**SAMARITAN FELLOWSHIP, INC.**  
**Statements of Assets and Net Assets - Modified Cash Basis**  
**December 31, 2015 and 2014**

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	2015	2014
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 15,161	\$ 27,790
Investments	<u>477,947</u>	<u>490,755</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 493,108</u></b>	<b><u>\$ 518,545</u></b>
<b>NET ASSETS</b>		
Net Assets:		
Unrestricted - Undesignated	\$ (40,236)	\$ 3,925
Unrestricted - Board designated - "Today and Tomorrow Fund"	283,447	279,367
Unrestricted - Board designated - "Masland Fund"	<u>50,000</u>	<u>50,000</u>
Total unrestricted net assets	<u>293,211</u>	<u>333,292</u>
Permanently restricted	<u>199,897</u>	<u>185,253</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 493,108</u></b>	<b><u>\$ 518,545</u></b>

**SAMARITAN FELLOWSHIP, INC.**  
**Statements of Support, Revenue And Expenses,**  
**And Changes in Net Assets – Modified Cash Basis**  
**Year Ended December 31, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND SUPPORT</b>				
Contributions	\$ 126,426	\$ 11,610	\$ 15,000	\$ 153,036
Client participation	3,590	-	-	3,590
Realized gain on sale of investments	4,099	-	-	4,099
Unrealized loss on investments	(18,566)	-	(6,323)	(24,889)
Interest, dividend, and capital gain income distribution	13,560	-	5,967	19,527
	129,109	11,610	14,644	155,363
Assets released from restrictions	11,610	(11,610)	-	-
Total revenues, gains and support	140,719	-	14,644	155,363
<b>EXPENSES</b>				
Program Services:				
Bequest distribution	521	-	-	521
Client child care	460	-	-	460
Client clothing	71	-	-	71
Client education	449	-	-	449
Client food	1,462	-	-	1,462
Client insurance	3,060	-	-	3,060
Client medical	478	-	-	478
Client rents/mortgages	99,984	-	-	99,984
Client supplies	1,971	-	-	1,971
Client utilities	41,938	-	-	41,938
Client vehicle expense	17,852	-	-	17,852
Miscellaneous	963	-	-	963
Total program services	169,209	-	-	169,209
Support Services:				
Administrative expense	11,591	-	-	11,591
Total support services	11,591	-	-	11,591
Total expenses	180,800	-	-	180,800
Changes in net assets	(40,081)	-	14,644	(25,437)
Net assets at beginning of year	333,292	-	185,253	518,545
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 293,211</b>	<b>\$ -</b>	<b>\$ 199,897</b>	<b>\$ 493,108</b>

**SAMARITAN FELLOWSHIP, INC.**  
**Statements of Support, Revenue And Expenses,**  
**And Changes in Net Assets – Modified Cash Basis**  
**Year Ended December 31, 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND SUPPORT</b>				
Contributions	\$ 152,971	\$ 11,630	\$ 10,000	\$ 174,601
Client participation	3,805	-	-	3,805
Realized gain on sale of investments	980	-	-	980
Unrealized gain on investments	1,982	-	749	2,731
Interest, dividend and capital gain income distribution	17,526	-	7,557	25,083
	177,264	11,630	18,306	207,200
Assets released from restrictions	11,638	(11,638)	-	-
Total revenues, gains and support	188,902	(8)	18,306	207,200
<b>EXPENSES</b>				
Program Services:				
Bequest distribution	624	-	-	624
Client child care	737	-	-	737
Client clothing	178	-	-	178
Client education	480	-	-	480
Client food	1,213	-	-	1,213
Client insurance	1,355	-	-	1,355
Client medical	1,291	-	-	1,291
Client rents/mortgages	93,118	-	-	93,118
Client supplies	1,571	-	-	1,571
Client utilities	42,389	-	-	42,389
Client vehicle expense	23,456	-	-	23,456
Miscellaneous	591	-	-	591
Total program services	167,003	-	-	167,003
Support Services:				
Administrative expense	12,132	-	-	12,132
Total support services	12,132	-	-	12,132
Total expenses	179,135	-	-	179,135
Changes in net assets	9,767	(8)	18,306	28,065
Net assets at beginning of year	323,525	8	166,947	490,480
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 333,292</b>	<b>\$ -</b>	<b>\$ 185,253</b>	<b>\$ 518,545</b>

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES**

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***Nature of Activities***

The Samaritan Fellowship, Inc. is organized as a nonprofit corporation under the laws of the Commonwealth of Pennsylvania. The Organization provides financial assistance to individuals of the Carlisle, Pennsylvania area who have exhausted all other means of assistance. Financial assistance provided to individuals includes expenses such as housing, utilities, food, clothing, medical, travel, and similar personal expenses.

***Basis of Accounting***

As in the case of many organizations of this type, the accounts are maintained, and the financial statements are presented, on a modified cash basis, reflecting only cash received and disbursed, with a modification for investments, which are reported at fair value. Therefore, receivables, payables, and accrued income and expense, which may be material in amount, are not reflected. In addition, equipment purchases are expensed rather than capitalized. Consequently, these statements are not intended to present the overall financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

***Donor-Restricted Gifts***

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the gift is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently 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, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of support, revenue and expenses, and changes in net assets as net assets released from restrictions.

Gifts of long-lived assets such as land, buildings, or equipment, are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.



**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Temporarily Restricted Net Assets***

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose.

***Permanently Restricted Net Assets***

Permanently restricted net assets are those that must be maintained permanently by the Organization according to donor-imposed stipulations.

***Investments***

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the statements of assets and net assets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the change in net assets.

***Functional Expense Classification***

Expenses have been classified by function by management based upon prior experience and current services.

***Income Tax Status***

Samaritan Fellowship, Inc. is a Pennsylvania nonprofit corporation organized under the Nonprofit Corporation Law of 1988, and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Samaritan Fellowship, Inc. is not deemed to be a private foundation.

***Uncertain Tax Positions***

The Organization follows generally accepted accounting principles, which provides guidance on accounting for uncertainty in income taxes recognized in an organization's financial statements. The Organization's policy is to charge penalties and interest to income tax expense as incurred. The Organization's IRS Form 990 is subject to examination by the Internal Revenue Service, generally for a period of three years after the returns are filed.

**SAMARITAN FELLOWSHIP, INC.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**NOTE 2 INVESTMENTS**

Details of the investments held as of December 31, 2015 and 2014 are as follows:

	Cost	2015 Fair Value	Unrealized Gains (Losses)
Western Asset Money Market Fund Cl A	\$ 55,429	\$ 55,429	\$ -
American Balanced Fund Cl A	40,687	57,925	17,238
American Balanced Fund Cl B	3,104	4,023	919
American Balanced Fund Cl C	37,049	59,575	22,526
Investment Company of America Fund Cl C	91,206	104,763	13,557
RS Low Duration Bond Fund Class C	89,519	86,651	(2,868)
Legg Mason Appreciation Fund Cl A	26,631	38,379	11,748
Legg Mason Value Trust Inc.	17,059	18,956	1,897
New Perspective Fund Cl A	37,913	40,810	2,897
Virtus Alternatives Diversifier Fund Cl C	13,529	11,436	(2,093)
	<u>\$ 412,126</u>	<u>\$ 477,947</u>	<u>\$ 65,821</u>

	Cost	2014 Fair Value	Unrealized Gains (Losses)
Western Asset Money Market Fund Cl A	\$ 31,656	\$ 31,656	\$ -
Certificate of Deposits	30,000	30,098	98
Radware Ltd. - Common Stock	4,404	4,404	-
American Balanced Fund Cl A	37,576	56,943	19,367
American Balanced Fund Cl B	2,888	3,955	1,067
American Balanced Fund Cl C	34,291	59,025	24,734
Investment Company of America Fund Cl C	88,418	117,595	29,177
RS Low Duration Bond Fund Class C	80,019	77,901	(2,118)
Legg Mason Appreciation Fund Cl A	24,876	37,836	12,960
Legg Mason Value Trust Inc.	17,059	19,817	2,758
New Perspective Fund Cl A	35,553	38,742	3,189
Virtus Alternatives Diversifier Fund Cl C	13,477	12,783	(694)
	<u>\$ 400,217</u>	<u>\$ 490,755</u>	<u>\$ 90,538</u>

The Organization's investments are exposed to various risks, such as interest rate, market currency, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment assets reported in the financial statements.

**SAMARITAN FELLOWSHIP, INC.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

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**NOTE 3 SECURITY AGREEMENTS**

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In assisting individuals with housing expenses, the Organization enters into security agreements with landlords, guaranteeing rental security deposits in the event that a client becomes obligated to pay for damages/repairs relating to their housing. When the Organization is required to pay a security deposit, the amount is recorded as an expense in the year paid. Management estimates that security agreements, approximating \$ 44,320 and \$ 35,088 have been executed and are outstanding as of December 31, 2015 and 2014, respectively.

**NOTE 4 DESIGNATED NET ASSETS**

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The Board designated certain assets to be placed in the "Today and Tomorrow Fund". The balance of the fund was \$ 283,447 and \$ 279,367 at December 31, 2015 and 2014, respectively. Currently, 1% of the value of the fund is distributed quarterly to the operating fund.

The Board designated \$ 50,000 as the "Masland Fund". This amount was originally received as an unrestricted bequest by the Organization and is board designated to be held in an investment account. The income from the investments is to be used for the Organization's operations.

**NOTE 5 TEMPORARILY RESTRICTED NET ASSETS**

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Samaritan Fellowship, Inc. has received grants that are restricted for expenses of those in need. Temporarily restricted net asset activity during the years ended December 31, 2015 and 2014 is as follows:

	<b>Carlisle Hospital Auxiliary</b>	<b>Matthew 25</b>	<b>FEMA Grant</b>	<b>Total</b>
Balance, December 31, 2013	\$ 8	\$ -	\$ -	\$ 8
New funds received	-	7,000	4,630	11,630
Funds expended	(8)	(7,000)	(4,630)	(11,638)
Balance, December 31, 2014	-	-	-	-
New funds received	-	10,000	1,610	11,610
Funds expended	0	(10,000)	(1,610)	(11,610)
Balance, December 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 6 PERMANENTLY RESTRICTED NET ASSETS**

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Permanently restricted net assets consist of a \$ 25,000 contribution restricted in perpetuity to provide income for an annual Christmas dinner for underprivileged people in the Carlisle area. Also included in permanently restricted net assets is the G. B. Stuart Fund, representing \$ 174,897 and \$ 160,253 at December 31, 2015 and 2014, respectively. Each quarter, 1% of the value of the fund may be used for general operations.

**NOTE 7 OPERATING LEASE**

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The Organization rents space for the storage of furniture and other personal property under a month to month operating lease.

The rental expense was \$ 6,000 for each of the years ended December 31, 2015 and 2014.

**Note 8 Fair Value Measurements**

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*Fair Value Measurements* under generally accepted accounting principles defines fair value, describes a framework for measuring fair value, and requires disclosures about fair value measurements. It also establishes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability. Classification of assets and liabilities within the hierarchy considers the markets in which the assets and liabilities are traded and the reliability and transparency of the assumptions used to determine fair value.

The hierarchy requires the use of observable market data when available. The levels of hierarchy and those investments included in each are as follows:

- Level 1 – Represented by quoted prices available in an active market. Level 1 securities include highly liquid government bonds, treasury securities, mortgage products, and exchange traded equities.
- Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data, such as quoted prices for similar securities and quoted prices in inactive markets, and estimated using pricing models or discounted cash flows. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions and certain corporate, asset backed securities and swap agreements, as well as mutual funds traded at the “net asset value of the underlying assets”.
- Level 3 – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement including the reporting entity’s own assumptions about the market risk. Level 3 securities would include hedge funds and private equity securities.

**SAMARITAN FELLOWSHIP, INC.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note 8 Fair Value Measurements (Continued)**

The following valuation techniques were used to measure fair value of assets in the table below on a recurring basis:

*Money Market Funds* – The carrying amount approximates fair value because of the short-term nature of the underlying investments.

*Certificates of Deposit* – Fair value of certificates of deposit and mutual funds were based on quoted market prices of similar securities.

*Common stock* – Fair values are based on quoted prices available in an active market.

*Mutual Funds* – Fair values are based on the end of day net asset value of the underlying assets.

<b>2015</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value Measurements</b>
Money market funds	\$ 55,429	\$ -	\$ -	\$ 55,429
Legg Mason Appreciation Fund	-	57,335	-	57,335
American Balanced Fund	-	121,523	-	121,523
Investment Company of America Fund	-	104,763	-	104,763
RS Low Duration Bond Fund	-	86,651	-	86,651
Other mutual funds	-	52,246	-	52,246
	<u>\$ 55,429</u>	<u>\$ 422,518</u>	<u>\$ -</u>	<u>\$ 477,947</u>

<b>2014</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value Measurements</b>
Money market funds	\$ 31,656	\$ -	\$ -	\$ 31,656
Certificates of deposit	-	30,098	-	30,098
Radware Ltd. - Common Stock	4,404	-	-	4,404
Legg Mason Appreciation Fund	-	57,653	-	57,653
American Balanced Fund	-	119,923	-	119,923
Investment Company of America Fund	-	117,595	-	117,595
RS Low Duration Bond Fund	-	77,901	-	77,901
Other mutual funds	-	51,525	-	51,525
	<u>\$ 36,060</u>	<u>\$ 454,695</u>	<u>\$ -</u>	<u>\$ 490,755</u>

**Note 9 Subsequent Events**

The Organization has evaluated events and transactions subsequent to December 31, 2015 through January 28, 2016, the date these financial statements were available to be issued. Based on the definitions and requirements of generally accepted accounting principles, management has not identified any events that require recognition or disclosure in the financial statements.