

Reviewed
Financial
Statements

December 31,
2019

Samaritan Fellowship, Inc.

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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, 2019 and 2018 and the related statements of support, revenue and gains 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 these 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 Kears & Company, LLC

Carlisle, Pennsylvania
January 31, 2020

SAMARITAN FELLOWSHIP, INC.
Statements of Assets and Net Assets - Modified Cash Basis
December 31, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash	\$ 25,901	\$ 53,538
Investments	<u>865,609</u>	<u>766,989</u>
TOTAL ASSETS	<u><u>\$ 891,510</u></u>	<u><u>\$ 820,527</u></u>
NET ASSETS		
Without Donor Restrictions		
Undesignated	\$ 31,347	\$ 89,415
Board designated - "Today and Tomorrow Fund"	<u>632,499</u>	<u>534,594</u>
Total Net Assets Without Donor Restrictions	<u>663,846</u>	<u>624,009</u>
With Donor Restrictions	<u>227,664</u>	<u>196,518</u>
TOTAL NET ASSETS	<u><u>\$ 891,510</u></u>	<u><u>\$ 820,527</u></u>

SAMARITAN FELLOWSHIP, INC.
Statement of Support, Revenue and Gains and Expenses,
and Changes in Net Assets – Modified Cash Basis
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND GAINS			
Contributions	\$ 191,537	\$ 10,000	\$ 201,537
Client participation	4,518	-	4,518
Unrealized gain on investments	64,946	20,427	85,373
Interest, dividend, and capital gain income distribution	22,421	7,931	30,352
	<u>283,422</u>	<u>38,358</u>	<u>321,780</u>
Assets released from restrictions	<u>7,212</u>	<u>(7,212)</u>	<u>-</u>
Total Support, Revenue and Gains	<u>290,634</u>	<u>31,146</u>	<u>321,780</u>
EXPENSES			
Program Services			
Bequest distribution	1,000	-	1,000
Client child care	1,250	-	1,250
Client clothing	220	-	220
Client food	3,281	-	3,281
Client furniture	450	-	450
Client insurance	2,667	-	2,667
Client medical	547	-	547
Client professional and legal fees	1,312	-	1,312
Client rents/mortgages	165,423	-	165,423
Client supplies	1,980	-	1,980
Client transportation	267	-	267
Client utilities	40,253	-	40,253
Client vehicle	21,959	-	21,959
Miscellaneous	950	-	950
Total Program Services	<u>241,559</u>	<u>-</u>	<u>241,559</u>
Support Services			
Accounting	3,495	-	3,495
Insurance	798	-	798
Office expense	3,523	-	3,523
Telephone	1,422	-	1,422
Total Support Services	<u>9,238</u>	<u>-</u>	<u>9,238</u>
Total Expenses	<u>250,797</u>	<u>-</u>	<u>250,797</u>
Changes in net assets	39,837	31,146	70,983
NET ASSETS, BEGINNING OF YEAR	<u>624,009</u>	<u>196,518</u>	<u>820,527</u>
NET ASSETS, END OF YEAR	<u>\$ 663,846</u>	<u>\$ 227,664</u>	<u>\$ 891,510</u>

SAMARITAN FELLOWSHIP, INC.
Statement of Support, Revenue and Gains, and Expenses,
and Changes in Net Assets – Modified Cash Basis
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND GAINS			
Contributions	192,034	\$ -	\$ 192,034
Client participation	2,501	-	2,501
Realized gain on sale of investments	(110)	-	(110)
Unrealized gain (loss) on investments	(41,711)	(16,717)	(58,428)
Interest, dividend and capital gain income distribution	24,936	9,854	34,790
	<u>177,650</u>	<u>(6,863)</u>	<u>170,787</u>
Assets released from restrictions	<u>7,383</u>	<u>(7,383)</u>	<u>-</u>
Total Support, Revenue and Gains	<u>185,033</u>	<u>(14,246)</u>	<u>170,787</u>
EXPENSES			
Program Services			
Bequest distribution	1,000	-	1,000
Client child care	2,927	-	2,927
Client clothing	106	-	106
Client education	90	-	90
Client food	2,223	-	2,223
Client furniture	375	-	375
Client insurance	2,362	-	2,362
Client medical	1,863	-	1,863
Client professional and legal fees	671	-	671
Client rents/mortgages	150,129	-	150,129
Client supplies	626	-	626
Client taxes	692	-	692
Client transportation	208	-	208
Client utilities	47,343	-	47,343
Client vehicle	19,831	-	19,831
Miscellaneous	426	-	426
Total Program Services	<u>230,872</u>	<u>-</u>	<u>230,872</u>
Support Services			
Accounting	3,360	-	3,360
Insurance	600	-	600
Office expense	2,143	-	2,143
Telephone	1,401	-	1,401
Total Support Services	<u>7,504</u>	<u>-</u>	<u>7,504</u>
Total Expenses	<u>238,376</u>	<u>-</u>	<u>238,376</u>
Changes in net assets	(53,343)	(14,246)	(67,589)
NET ASSETS, BEGINNING OF YEAR	<u>677,352</u>	<u>210,764</u>	<u>888,116</u>
NET ASSETS, END OF YEAR	<u>\$ 624,009</u>	<u>\$ 196,518</u>	<u>\$ 820,527</u>

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

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.

Revenue Recognition

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 net assets with donor restrictions 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 as net assets without restrictions 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 without donor restriction 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 with donor restriction. 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.

Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the change in net assets.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. A description of the two net asset categories follows:

Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions. Without Donor Restriction net assets may be designated for specific purposes by action of the Board of Directors.

With Donor Restrictions: Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time and net assets subject to donor-imposed restrictions that are to be maintained permanently by the Organization.

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.

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 and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Samaritan Fellowship, Inc. is considered a public charity.

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 – Modified Cash Basis

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

Management uses estimates and assumptions in preparing financial statements. 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. Actual results could differ from those estimates.

NOTE 2 INVESTMENTS

Details of the investments held as of December 31, 2019 and 2018 are as follows:

	2019		
	Cost	Fair Value	Unrealized Gains (Losses)
Western Asset Money Market Fund Cl A	\$ 136,183	\$ 136,181	\$ (2)
American Balanced Fund Cl A	167,982	206,662	38,680
American Balanced Fund Cl 1	49,517	84,579	35,062
American Inv Co of America A	94,274	120,714	26,440
Investment Company of America Fund Cl C	15,555	16,359	804
Victory Low Duration Bond Fund Cl C	96,723	94,821	(1,902)
Clearbridge Appreciation Fund Cl A	38,136	63,529	25,393
Clearbridge Value Trust A	17,496	26,424	8,928
New Perspective Fund Cl A	48,125	65,626	17,501
Virtus Rampart Altern Divers A	14,188	14,145	(43)
Virtus Alternatives Diversifier Fund Cl A	37,519	36,569	(950)
	<u>\$ 715,698</u>	<u>\$ 865,609</u>	<u>\$ 149,911</u>

	2018		
	Cost	Fair Value	Unrealized Gains (Losses)
Western Asset Money Market Fund Cl A	\$ 89,048	\$ 89,050	\$ 2.00
Certificates of Deposit	60,000	60,860	860
American Balanced Fund Cl A	159,956	173,371	13,415
American Balanced Fund Cl 1	46,277	71,014	24,737
Investment Company of America Fund Cl C	102,069	110,767	8,698
Victory Low Duration Bond Fund Cl C	74,242	70,930	(3,312)
Clearbridge Appreciation Fund Cl A	33,939	48,937	14,998
Clearbridge Value Trust Fund Cl C	17,355	20,839	3,484
New Perspective Fund Cl A	45,801	50,449	4,648
Virtus Alternatives Diversifier Fund Cl A	60,000	58,678	(1,322)
Virtus Alternatives Diversifier Fund Cl C	13,764	12,094	(1,670)
	<u>\$ 702,451</u>	<u>\$ 766,989</u>	<u>\$ 64,538</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 – Modified Cash Basis

NOTE 3 SECURITY AGREEMENTS

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 \$ 40,247 and \$ 41,580 have been executed and are outstanding as of December 31, 2019 and 2018, respectively.

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of (1) a \$ 25,000 contribution restricted in perpetuity to provide income for an annual Christmas dinner for underprivileged people in the Carlisle area and (2) the G. B. Stuart Fund, representing \$ 202,664 and \$ 171,518 at December 31, 2019 and 2018, respectively. Each quarter, 1% of the value of the G. B. Stuart fund may be used for general operations. Net assets were released from restrictions as follows during the years ended December 31:

	<u>2019</u>	<u>2018</u>
Distributions:		
Beneficial interest in charitable trusts	<u>\$ 7,212</u>	<u>\$ 7,383</u>

NOTE 5 ENDOWMENT FUNDS

The Organization's endowment consists of funds set aside by the Board of Stewards known as the "Today and Tomorrow Fund" and the permanently restricted Christmas dinner and "G. B. Stuart Fund". These endowments are to be used for the Organization's operating purpose.

The Organization established a funding policy that follows Pennsylvania Act 141 in regards to the endowment funds. Act 141 allows nonprofits to elect a spending fund withdrawal rate based on a total return policy of 2-7% of the average fair value of the endowment assets over the period of three or more years or the actual investment income of the fund. The Organization has elected to utilize a 1% withdrawal rate per quarter based on the ending quarterly market value for the funds for the years ended December 31, 2019 and 2018. In the absence of spending or appropriation of endowment funds, investment income, including all gains and losses, is added to the endowments principal balance in order to provide for the continued use of these funds.

The Board employs a strategy to diversify risks and achieve growth and income by utilizing various mutual funds. The Board believes this strategy allows them to achieve the greatest return while minimizing downside risk. The investments in the endowments are invested in money market funds, mutual funds, and certificates of deposit as described in Note 7. The Organization currently has no underwater endowment funds.

SAMARITAN FELLOWSHIP, INC.
Notes to Financial Statements – Modified Cash Basis

NOTE 5 ENDOWMENT FUNDS (CONTINUED)

The changes in “Today and Tomorrow Fund” Board designated endowment net assets for the years ended December 31, were as follows:

	2019	2018
Endowment net assets - beginning	\$ 534,594	\$ 544,021
Investment income	20,827	23,840
Net appreciation/(depreciation) of assets	65,808	(42,282)
Amounts appropriated for expenditures	(28,730)	(28,535)
Transfers from other accounts	<u>40,000</u>	<u>37,550</u>
Endowment net assets - ending	<u>\$ 632,499</u>	<u>\$ 534,594</u>

The changes in Donor Restricted endowment net assets for the years ended December 31 were as follows:

	2019	2018
Endowment net assets - beginning	\$ 196,518	\$ 210,764
Contribution	10,000	-
Investment income	7,931	9,854
Net appreciation/(depreciation) of assets	20,427	(16,717)
Amounts appropriated for expenditures	<u>(7,212)</u>	<u>(7,383)</u>
Endowment net assets - ending	<u>\$ 227,664</u>	<u>\$ 196,518</u>

NOTE 6 FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under Table 820 are described as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

SAMARITAN FELLOWSHIP, INC.
Notes to Financial Statements – Modified Cash Basis

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3: Inputs that are unobservable inputs for the asset or liability.

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.

Certificate of Deposits – The fair value of certificates of deposit are estimated using a discounted cash flow calculation that applies to interest rates currently being offered for deposits of similar remaining maturities to a schedule of aggregated expected maturities of such deposits.

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

2019				
	Level 1	Level 2	Level 3	Total Fair Value Measurements
Money market funds	\$ 136,181	\$ -	\$ -	\$ 136,181
Clearbridge Appreciation Fund	63,529	-	-	63,529
Clearbridge Value Trust A	26,424	-	-	26,424
American Balanced Fund	411,955	-	-	411,955
Investment Company of America Fund	16,359	-	-	16,359
Victory Low Duration Bond Fund Cl C	94,821	-	-	94,821
New Perspective Fund Cl A	65,626	-	-	65,626
Virtus Alternatives Diversifier Fund Cl A	14,145	-	-	14,145
Virtus Alternatives Diversifier Fund Cl C	36,569	-	-	36,569
	<u>\$ 865,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 865,609</u>

2018				
	Level 1	Level 2	Level 3	Total Fair Value Measurements
Money market funds	\$ 89,050	\$ -	\$ -	\$ 89,050
Certificates of Deposit	-	60,860	-	60,860
Clearbridge Appreciation Fund	48,937	-	-	48,937
Clearbridge Value Trust Fund Cl C	20,839	-	-	20,839
American Balanced Fund	244,385	-	-	244,385
Investment Company of America Fund	110,767	-	-	110,767
Victory Low Duration Bond Fund Cl C	70,930	-	-	70,930
New Perspective Fund Cl A	50,449	-	-	50,449
Virtus Alternatives Diversifier Fund Cl A	58,678	-	-	58,678
Virtus Alternatives Diversifier Fund Cl C	12,094	-	-	12,094
	<u>\$ 706,129</u>	<u>\$ 60,860</u>	<u>\$ -</u>	<u>\$ 766,989</u>

SAMARITAN FELLOWSHIP, INC.
Notes to Financial Statements – Modified Cash Basis

NOTE 7 LIQUIDITY AND AVAILABILITY OF CASH

The liquidity of financial instruments at December 31 is as follows:

Financial assets at year end:	2019	2018
Cash and cash equivalents	\$ 25,901	\$ 53,538
Investments	<u>865,609</u>	<u>766,989</u>
Total financial assets	<u>891,510</u>	<u>820,527</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	227,664	196,518
Quasi endowment established by the board	<u>632,499</u>	<u>534,594</u>
	<u>860,163</u>	<u>731,112</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 31,347</u>	<u>\$ 89,415</u>

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

NOTE 8 SUBSEQUENT EVENTS

The Organization has evaluated events and transactions subsequent to December 31, 2019 through January 31, 2020, 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.