GOOD SAMARITAN CENTER OF SAN ANTONIO, TEXAS
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GOOD SAMARITAN COMMUNITY SERVICES

Audited Financial Statements
and
Single Audit Reports

August 31, 2018

AKIN, DOHERTY, KLEIN & FEUGE, P.C.
Certified Public Accountants

GOOD SAMARITAN CENTER OF SAN ANTONIO, TEXAS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Good Samaritan Center of San Antonio, Texas
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Good Samaritan Center of San Antonio, Texas (the Center), which comprise the statement of financial position as of August 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended and for the two-month period ended August 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Good Samaritan Center of San Antonio, Texas as of August 31, 2018, and the results of its activities and its cash flows for the year then ended and for the two-month period ended August 31, 2017 in accordance with U.S. generally accepted accounting principles.

Other Matters

The Center changed their year end from June 30 to August 31 in 2018. Accordingly, these financial statements present the statement of financial position as of August 31, 2018, and the statements of activities, functional expenses and cash flows for the year ended August 31, 2018 and the two months ended August 31, 2017.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Akin, Doherty, Klein & Feuge PC

Akin, Doherty, Klein & Feuge, P.C.
San Antonio, Texas
November 15, 2018

GOOD SAMARITAN CENTER OF SAN ANTONIO, TEXAS
Statement of Financial Position
August 31, 2018

ASSETS

Cash and cash equivalents	$ 69,503
Accounts receivable	263,676
Pledges receivable	108,295
Prepaid expenses and other assets	35,218
Investments, at fair value:	
Board-designated endowments	614,078
Donor-restricted endowments	830,389
Property and equipment, net	3,281,572
Total Assets	$ 5,202,731

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	$ 44,878
Accrued expenses	51,242
Total liabilities	96,120
Net assets:	
Without donor restrictions:	
Available for general operations	170,418
Invested in property and equipment	3,281,572
Board designated	614,078
Total without donor restrictions	4,066,068
With donor restrictions:	
Time and purpose restrictions	210,154
Endowments	830,389
Total with donor restrictions	1,040,543
Total net assets	5,106,611
Total Liabilities and Net Assets	$ 5,202,731

See notes to audited financial statements.

GOOD SAMARITAN CENTER OF SAN ANTONIO, TEXAS
Statement of Activities
Year Ended August 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support			
Support from Episcopal Diocese of West Texas	$ 155,000	$ -	$ 155,000
Support from parishes	52,068	-	52,068
United Way, net of expenses	624,016	-	624,016
Support from foundations	546,739	-	546,739
Support from individuals	218,505	-	218,505
Support from corporations	340,737	-	340,737
Special events, net of expenses	134,393	-	134,393
In-kind donations	498,448	-	498,448
Total public support	2,569,906	-	2,569,906
Revenue			
Governmental agencies	1,546,486	-	1,546,486
Program revenue	52,048	-	52,048
Other revenue	99,829	-	99,829
Investment earnings, net	61,207	84,256	145,463
Total revenue	1,759,570	84,256	1,843,826
Total public support and revenues	4,329,476	84,256	4,413,732
Expenses			
Program services	3,995,637	-	3,995,637
Management and general	288,743	-	288,743
Fundraising expenses	437,805	-	437,805
Total expenses	4,722,185	-	4,722,185
Change in Net Assets	(392,709)	84,256	(308,453)
Net assets released from restrictions	196,022	(196,022)	-
Net assets at beginning of year	4,262,755	1,152,309	5,415,064
Net Assets at Year End	$ 4,066,068	$ 1,040,543	$ 5,106,611

GOOD SAMARITAN CENTER OF SAN ANTONIO, TEXAS
Statement of Activities
Two Months Ended August 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support			
Support from Episcopal Diocese of West Texas	$ 25,000	$ -	$ 25,000
Support from parishes	15,123	-	15,123
United Way, net of expenses	107,098	-	107,098
Support from foundations	115,000	-	115,000
Support from individuals	8,248	-	8,248
Support from corporations	753	-	753
In-kind donations	120,004	-	120,004
Total public support	391,226	-	391,226
Revenue			
Governmental agencies	241,452	-	241,452
Program revenue	8,285	-	8,285
Other revenue	30,552	-	30,552
Investment earnings, net	9,429	12,174	21,603
Total revenue	289,718	12,174	301,892
Total public support and revenues	680,944	12,174	693,118
Expenses			
Program services	751,471	-	751,471
Management and general	52,610	-	52,610
Fundraising expenses	68,778	-	68,778
Total expenses	872,859	-	872,859
Change in Net Assets	(191,915)	12,174	(179,741)
Net assets released from restrictions	15,929	(15,929)	-
Net assets at beginning of period	4,438,741	1,156,064	5,594,805
Net Assets at Year End	$ 4,262,755	$ 1,152,309	$ 5,415,064

GOOD SAMARITAN CENTER OF SAN ANTONIO, TEXAS
Statement of Functional Expenses
Year Ended August 31, 2018

	Program Services				Supporting Services		
	Child Development Services	Youth Development Services	Family Development Services	Total Program Services	Management	Fundraising	Total
Employee expenses:							
Salaries	$ 521,430	$ 1,479,530	$ 247,417	$ 2,248,377	$ 77,821	$ 252,229	$ 2,578,427
Employee benefits	36,494	96,151	17,984	150,629	7,086	22,131	179,846
Payroll taxes	38,592	109,692	18,199	166,483	5,748	18,795	191,026
Total employee expenses	596,516	1,685,373	283,600	2,565,489	90,655	293,155	2,949,299
Other Expenses:							
Occupancy	32,320	81,444	62,249	176,013	67,045	6,363	249,421
Agency vehicles	329	2,062	2,347	4,738	8,572	-	13,310
Postage and freight	1,134	437	5	1,576	1,972	1,215	4,763
Employee recruitment	1,494	2,732	1,558	5,784	114	352	6,250
Professional fees	2,737	23,012	5,748	31,497	41,620	49,852	122,969
Information technology	19,987	31,992	6,814	58,793	18,323	22,657	99,773
Direct client assistance	1,233	89,011	14,621	104,865	9	-	104,874
Supplies	26,822	124,680	15,238	166,740	9,178	34,392	210,310
Telephone	8,787	23,001	3,617	35,405	7,058	3,414	45,877
Travel and conferences	4,761	50,783	1,311	56,855	7,117	4,311	68,283
Program events	-	7,143	205	7,348	-	-	7,348
Insurance	8,455	18,417	17,924	44,796	2,428	1,204	48,428
Training	6,841	13,318	864	21,023	12,374	292	33,689
Donor cultivation	-	32	-	32	78	690	800
Marketing and advertising	1,378	8,882	212	10,472	1,429	17,890	29,791
In-kind expense	210	473,790	26,386	500,386	-	225	500,611
Miscellaneous	5,210	61,343	828	67,381	11,620	1,793	80,794
Total other expenses	121,698	1,012,079	159,927	1,293,704	188,937	144,650	1,627,291
Depreciation	71,084	25,487	39,873	136,444	9,151	-	145,595
Total expenses	$ 789,298	$ 2,722,939	$ 483,400	$ 3,995,637	$ 288,743	$ 437,805	$ 4,722,185
Costs not included above:							
Venue and catering						$ 24,262	$ 24,262
Other expenses						39,625	39,625
Total special events, direct costs						$ 63,887	$ 63,887

See notes to audited financial statements.

GOOD SAMARITAN CENTER OF SAN ANTONIO, TEXAS
Statement of Functional Expenses
Two Months Ended August 31, 2017

	Program Services				Supporting Services		
	Child Development Services	Youth Development Services	Family Development Services	Total Program Services	Management	Fundraising	Total
Employee expenses:							
Salaries	$ 66,271	$ 282,105	$ 48,575	$ 396,951	$ 12,306	$ 42,689	$ 451,946
Employee benefits	4,191	14,646	2,882	21,719	-	3,079	24,798
Payroll taxes	4,929	21,052	3,603	29,584	896	3,200	33,680
Total employee expenses	75,391	317,803	55,060	448,254	13,202	48,968	510,424
Other Expenses:							
Occupancy	6,597	20,650	12,699	39,946	2,043	1,200	43,189
Agency vehicles	70	431	502	1,003	180	-	1,183
Postage and freight	-	-	-	-	603	87	690
Employee recruitment	-	545	185	730	106	137	973
Professional fees	-	11,965	-	11,965	4,813	5,531	22,309
Information technology	2,423	4,947	1,039	8,409	3,111	3,735	15,255
Direct client assistance	-	20,044	1,849	21,893	-	-	21,893
Supplies	2,969	50,036	3,327	56,332	726	5,656	62,714
Telephone	766	3,300	528	4,594	1,066	415	6,075
Travel and conferences	-	9,451	125	9,576	1,094	187	10,857
Program events	-	1,094	9	1,103	-	-	1,103
Insurance	628	1,619	1,432	3,679	108	84	3,871
Training	1,453	244	138	1,835	-	-	1,835
Donor cultivation	-	-	-	-	-	206	206
Marketing and advertising	786	1,261	-	2,047	159	2,572	4,778
In-kind expense	-	120,004	-	120,004	-	-	120,004
Miscellaneous	32	20,006	-	20,038	1,235	-	21,273
Total other expenses	15,724	265,597	21,833	303,154	15,244	19,810	338,208
Depreciation	-	63	-	63	24,164	-	24,227
Total expenses	$ 91,115	$ 583,463	$ 76,893	$ 751,471	$ 52,610	$ 68,778	$ 872,859

GOOD SAMARITAN CENTER OF SAN ANTONIO, TEXAS
Statements of Cash Flows
Year Ended August 31, 2018 and Two Month Period Ended August 31, 2017

	2018 (Year)	2017 (Two Months)
Operating Activities		
Change in net assets	$ (308,453)	$ (179,741)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	145,595	24,227
Unrealized (gain) on investments	(54,754)	(21,193)
Change in operating assets and liabilities:		
Accounts receivable	(55,522)	115,004
Pledges receivable	205,665	15,000
Prepaid expenses and other	(22,999)	11,931
Accounts payable and accrued expense	(64,452)	(26,198)
Net cash provided (used) by operating activities	(154,920)	(60,970)
Investing Activities		
Purchases of furniture and equipment	(25,211)	-
Net investment activity	(80,301)	(410)
Net cash (used) by investing activities	(105,512)	(410)
Change in cash and cash equivalents	(260,432)	(61,380)
Cash and cash equivalents at beginning of year	329,935	391,315
Cash and Cash Equivalents at End of Year	$ 69,503	$ 329,935
Supplemental Disclosures		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	-	-

See notes to audited financial statements.

NOTE A – NATURE OF ORGANIZATION

Organization and Mission: Good Samaritan Center of San Antonio, Texas (the Center) dba, Good Samaritan Community Services, is a not-for-profit organization and is considered an institution of the Episcopal Diocese of West Texas. The Center's mission is to serve as a catalyst for change, supporting individuals and families through excellent community services to overcome the impact of poverty. Extensive social service programs that promote education, character development, healthy living, and self-sufficiency address the overall needs of low-income children, youth, adults, and families living in San Antonio and four additional South Texas communities including: Brownsville, Pharr, Sonora, and Wimberley.

The specific programs and services provided by the Center include the following:

Child Development Services: Child Development Services (CDS) offers comprehensive childcare for children ages 6 weeks to 5 years in a nurturing and educational environment that offers high quality care as it supports each child's achievement of age-appropriate growth and development. CDS includes Early Head Start which serves ages 6 weeks to 3 years old and their families in a program designed to support child development, school readiness, and family well-being. Parents as Teachers is offered to caregivers of children receiving care in CDS. Through this program, caregivers receive personalized coaching from a trained parent educator regarding their child's growth and development. CDS served 60 children for the two months ended August 31, 2017 and 98 for the fiscal year ended August 31, 2018.

Youth Development Services: Youth Development Services (YDS) offers after-school, in-school, and summer programs that serves youth ages 6-18 at six (6) sites in South Texas: San Antonio (2 sites), Pharr, Sonora, Brownsville, and Wimberley. The goal of YDS is to assist participants in acquiring the life and academic skills necessary for personal success. Programs are built around five (5) pillars: support academic achievement, encourage healthy decisions, explore college and career pathways, develop leaders, and engage families. Activities are theme and module based and include academic support, character asset building, vocational exploration, college preparation, connection to workforce development activities, support for making healthy choices, nutrition and exercise, and leadership development. Each program component is designed to build life skills and confidence, the foundations of improved school performance and life success. YDS served 1,252 youth for the two months ended August 31, 2017, and 3,378 youth for the fiscal year-ended August 31, 2018.

Family Development Services: Family Development Services (FDS) provides immediate assistance, case management, counseling, and adult education (citizenship, computer classes) for adults ages 16 and above. FDS served 426 adults for the two months ended August 31, 2017, and 1,445 adults for the fiscal year-ended August 31, 2018. The number served included 277 individuals aged 60 and above who also received specialized support in the Center's nationally accredited Senior Center, including nutrition, health, and wellness services for the two months ended August 31, 2017, and 640 individuals for the fiscal year-ended August 31, 2018. Through FDS, case management, individual counseling, and group counseling are available to all children, youth and families enrolled in the Center's programs.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions: Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs of the Center are generally not considered "restricted" under GAAP, though for internal reporting the Center tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board-designated.

With Donor Restrictions: Net assets with donor restrictions are subject to donor-imposed stipulations that are more restrictive than the Center's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions: Contributions and grants are reported as without or with donor restriction, depending on the existence and/or nature of any restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. When a restriction expires, the net assets are reclassified to net assets without donor restriction. Non-cash contributions are recorded at their fair market value at the date of contribution.

Gifts of equipment are reported as without donor restrictions 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 restrictions. 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.

Contributions received with donor restrictions whose restrictions are met in the same reporting period are generally reported as unrestricted support in the same reporting year.

Revenue Recognition: Revenue is recognized when earned. Program service fees and payment under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Government Agencies: Government funding is generally recorded on a reimbursement basis; that is when qualifying expenses are incurred by the Center, both a receivable from the government funder and revenue are recorded.

United Way: The United Way contributions are reported net of direct United Way expenses of approximately 0.2% for the year ended August 31, 2018 and 0% for the two months ended August 31, 2017.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Special Events: Costs associated with special events are netted against the related revenue and totaled approximately $64,000 for the year ended August 31, 2018 and $0 for the two months ended August 31, 2017.

Functional Allocation of Expenses: The costs of providing the services and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a basis of time and effort (such as for salaries and benefits) as well as on a square footage or other reasonable basis (such as for depreciation, office and occupancy).

Cash and Cash Equivalents: Cash and cash equivalents consist of cash on hand and deposits held by financial institutions with maturities of three months or less.

Accounts Receivable: Accounts receivable represent amounts due for child care program service fees and local and state granting agencies and are reported at outstanding principal. An allowance was not considered necessary at August 31, 2018. The allowance is generally determined based on an account-by-account review and historical trends. Accounts are charged off when collection efforts have failed and the account is deemed uncollectible. Interest is generally not charged on the receivables.

Pledges Receivable: Legally enforceable pledges and contributions, less an allowance for uncollectible amounts, are recorded as pledges and revenue in the year made unless the pledge or contribution is dependent upon occurrence of a specified future and uncertain event to bind the promisor. Conditional pledges and contributions are recognized when the conditions upon which they depend are substantially met or when the possibility that the condition will not be met is remote. An allowance was not considered necessary at August 31, 2018.

Investments: Investments are reported at fair market value determined by quoted market prices. Investment revenue, realized and unrealized gains and losses are reported on the statement of activities.

Endowment: The Center's endowments, included in investments on the accompanying statement of financial position, consist of board-designated and donor-restricted funds. The principal balance of the donor-restricted endowments is reported with donor restrictions based on the existence of such restrictions. Any earnings not expended at year end are reported with donor restrictions.

Property and Equipment: The land and original buildings operated by the Center are owned by the Episcopal Church Corporation, an agency of the Diocese. The funds for building additions and improvements have been raised largely through the fundraising efforts of the Center.

The Center capitalizes all expenditures for furniture, fixtures, equipment, and improvements in excess of $5,000 that have a useful life of over 12 months. New acquisitions of furniture, fixtures, equipment, and improvements are carried at cost or, if donated, at approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset (ranging from 5-40 years).

Donated Services, Materials, and Facilities: The Center receives donated services from a variety of volunteers assisting the Center in fundraising events. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under U. S. generally accepted accounting principles has not been satisfied. Donated materials, services, and facilities are valued based on their estimated fair market value on the date of contribution.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes: Good Samaritan Center is a not-for-profit organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, and is not "private foundations" within the meaning of Section 509(a). Donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The Organization is not subject to the Texas margin tax. Management is not aware of any tax positions that would have a significant impact on its financial position. Its tax returns for the last four years remain subject to examination.

Advertising: Advertising costs are expensed as incurred and totaled approximately $30,000 for the year ended August 31, 2018 and $5,000 for the two months ended August 31, 2017.

Employee Benefit Plan: The Center sponsors a defined contribution retirement plan (the Plan), covering substantially all employees at least 21 years of age and one year of service. Participants are permitted to make elective deferrals in any amount up to 100% of their compensation. The Center may make a matching contribution to the Plan up to 2% of the employee's salary. Matching contributions for the Plan by the Center totaled approximately $17,000 for the year ended August 31, 2018 and $3,000 for the two months ended August 31, 2017.

Concentrations of Credit Risk: Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of cash, investments, and pledges receivable. The Center maintains cash deposits with major banks which, from time to time, may exceed federally insured limits. The Center periodically assesses the financial condition of the institutions and believes the risk of any loss is minimal. Concentration of credit risk with respect to its investments is reduced as a result of the diversity of the underlying securities. The Center also has concentrations of credit risk with respect to pledges receivable due to it soliciting primarily in the South Texas area.

Commitments and Contingencies: The Center participates in several federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Center has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. Management does not believe there are any significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

Use of Estimates: The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor's report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

New Accounting Pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2018. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2019. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

In June 2018, the FASB issued a new accounting pronouncement clarifying the scope and guidance for contributions received, effective for periods beginning after December 15, 2018 with early adoption permitted. The update assists organizations in 1) evaluating whether transactions should be accounted for as contributions or exchange transactions and 2) determine whether contributions are conditional. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

Recently Adopted Accounting Pronouncements: In August 2016, the FASB issued Accounting Standard Update 2016-14, regarding the reporting and disclosure requirements for not-for-profit organizations, effective for periods beginning after December 15, 2017 with early adoption encouraged. The pronouncement replaces the three classes of net assets with two new classes, requires the reporting of expense by function and natural classification, enhances disclosures on liquidity and availability of resources, and includes several other less significant reporting enhancements. The Center adopted this new pronouncement effective July 1, 2016.

NOTE C – PLEDGES RECEIVABLE

Pledges receivable consist of the following at August 31, 2018:

Receivable in less than one year	$	58,295
Receivable in one to five years		50,000
Total pledges receivable		108,295
Less allowance for uncollectible pledges		-
Pledges receivable, net	$	108,295

Discounting of multi-year pledges is not significant for recognition.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment of the Center consisted of the following at August 31, 2018:

Building and improvements	$	5,169,033
Furniture and equipment		529,427
Vehicles		56,207
Total property and equipment		5,754,667
Less accumulated depreciation		(2,473,095)
Net property and equipment	$	3,281,572

NOTE E – ASSETS HELD FOR OTHERS

The Center received grant funds from the Texas Department of Family and Protective Services (TDFPS), which requires that assets purchased with these funds be kept under the funder's respective names. The Center has a record of the assets purchased with these funds which have been expensed through the statements of activities as they do not meet the Center's capitalization policy. Total accumulated cost of the assets purchased with TDFPS funds was approximately $41,600 as of August 31, 2018.

NOTE F – ENDOWMENTS

The Center maintains five different endowment investments established for a variety of purposes, all to meet the needs of the Center, as described in Note A. These endowments include both donor-restricted endowment contributions and funds designated by the Board of Directors (the Board) to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The donor-restricted endowment funds fall under the provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the State of Texas in 2007.

NOTE F – ENDOWMENTS – continued

Interpretation of Relevant Law: The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as with donor restriction net assets: (a) the original value of gifts to be held in perpetuity, (b) the original value of subsequent gifts to be held in perpetuity, and (c) accumulations made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The following factors are considered in making a determination to appropriate or accumulate donor restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the Center and the donor-restricted endowment fund
3) General economic and investment market conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Center, and
7) The investment policies of the Center

The composition of the endowment net assets has original gifts required to be held in perpetuity by the donor of $490,754 at August 31, 2018. Accumulated investment gains were $339,635 at August 31, 2018. The Center's board has designated $614,078 at August 31, 2018 to be held in an endowment to assist with operations.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Center is required to retain as a fund of perpetual duration. There were no such deficiencies as of August 31, 2018.

Return Objectives and Risk Parameters: The Board has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment funds over time are expected to provide a positive rate of return. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Board of Good Samaritan Center approved a spending policy that determines the amount of money annually distributed from the Center's various endowed funds for program services and administration. The policy states that the Board, upon the recommendation of the Finance Committee, will follow the discipline of distributing up to 5% of the Average Fair Market Value (AFMV) each year in order to protect capital and account for fees while simultaneously supporting the annual operating budget and improving cash flow. AFMV is defined as the three-year rolling average value of the endowment (or portion of the endowment) with valuations taken at the end of the calendar year, December 31, for the previous three (3) years. This policy is consistent with the Center's objective to maintain the purchasing power of the endowment assets, as well as to provide additional real growth through investment return.

NOTE F – ENDOWMENTS – continued

		Without Donor Restrictions		With Donor Restrictions
Endowment net assets at June 30, 2017	$	573,911	$	713,898
Interest and dividends		40,753		49,366
Net appreciation (depreciation)		28,884		47,064
Contributions		-		50,000
Appropriations		(29,470)		(29,939)
Endowment net assets at August 31, 2018	$	614,078	$	830,389

The Center has pledges of $100,000 at August 31, 2018, when received will increase the endowment with donor restrictions.

NOTE G - FAIR VALUE MEASUREMENTS

In accordance with U. S. generally accepted accounting principles, the Center utilizes a fair value hierarchy that prioritizes the inputs for the 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). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

Level 2: Inputs to the valuation methodology include:

- 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

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE G - FAIR VALUE MEASUREMENTS – continued

The following table sets forth, by level within the fair value hierarchy, the Center's investments at fair value at August 31, 2018:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Board-designated investments				
Money market funds	$ 78,237	$ -	$ -	$ 78,237
Mutual Funds				
Large Cap Value Funds	100,420	-	-	100,420
Large Cap Growth Funds	93,834	-	-	93,834
Small Cap Blend Funds	69,653	-	-	69,653
Foreign Funds	46,898	-	-	46,898
Bond Funds	225,036	-	-	225,036
Total investments at fair value	$ 614,078	$ -	$ -	$ 614,078
Donor-restricted investments				
Money market funds	$ 98,231	$ -	$ -	$ 98,231
Mutual Funds				
Large Cap Value Funds	146,026	-	-	146,026
Large Cap Growth Funds	140,024	-	-	140,024
Small Cap Blend Funds	109,590	-	-	109,590
Foreign Funds	73,982	-	-	73,982
Bond Funds	262,536	-	-	262,536
Total investments at fair value	$ 830,389	$ -	$ -	$ 830,389

There have been no changes in methodologies used to measure fair value. Following is a description of the valuation methodologies used for various types of assets measure at fair value:

Money Market Funds: Valued at cost plus earned and accrued interest.

Mutual Funds: Valued at the daily closing net asset value (NAV).

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Center 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.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include the following at August 31, 2018:

Subject to time and purpose restrictions:		
Preschool renovations	$	3,742
Highly Capable Kids staff training/donor software/fundraising equipment		98,117
Time restricted pledges		108,295
Total time and purpose restricted		210,154
Endowments:		
Jones Endowment Fund		244,179
Jones Scholar Endowment		194,075
Pharr Endowment		52,500
Endowment earnings, subject to spending policy and appropriations		339,635
Total endowments		830,389
	$	1,040,543

NOTE I – LINE OF CREDIT

The Center has a revolving line of credit with Frost Bank for $250,000 which allows for borrowings at 1.25% over the WSJ prime rate (5.00% at August 31, 2018) with interest due monthly and principal due at maturity. The line of credit was renewed with Frost Bank on September 19, 2018 under the same terms noted above and with a new maturity date of September 19, 2019. The Center had no outstanding balance under the line of credit at August 31, 2018.

NOTE J – LEASES

The Center has entered into certain equipment operating leases expiring at various times through May 2023. Rental expense was approximately $31,000 for the year ended August 31, 2018 and $5,000 for the two months ended August 31, 2017. Future minimum annual lease payments are as follows:

Year Ended August 31,		Amount
2019	$	40,631
2020		40,631
2021		40,631
2022		40,631
2023		27,315

NOTE K – RELATED PARTIES

The Center is considered an agency of the Episcopal Diocese of West Texas (the Diocese) and receives extensive support from the Diocese. There is no common management or Board, but the Center was established by, and has a close relationship with the Diocese. Support received by the Center through the Diocese totaled $155,000 for the year ended August 31, 2018 and $25,000 for the two months ended August 31, 2017.

Parishes throughout the Diocese also support the ministry and programs of the Center through contributions made by their Congregations. Support received by the Center through the parishes within the Diocese totaled $52,068 for the year ended August 31, 2018 and $15,123 for the two months ended August 31, 2017.

The Center purchases food and kitchen supplies from a company owned by a family member of a Board member. Payments of $5,111 were made to this vendor to cover costs associated with the purchase of food and kitchen supplies during the year ended August 31, 2018 and $4,386 during the two months ended August 31, 2017.

NOTE L – ALLOCATION OF JOINT COSTS

The Center conducts activities that included requests for contributions, as well as program components. Those activities included production of mailings and brochures. The mailings and brochures are produced at minimal cost, and such costs are classified in the advancement department as a component of fundraising.

Special event expenses totaled approximately $64,000 for the year ended August 31, 2018 and $0 for the two months ended August 31, 2017 and are considered joint costs. Special event expenses are netted against special event revenue as allowed under U.S. generally accepted accounting principles.

NOTE M – LIQUIDITY AND AVAILABILITY

The Center has approximately $867,000 of financial assets available to meet cash needs for general expenditure. This consists of cash of $69,503, accounts receivable of $271,179, pledges receivable due in one year of $8,295 (less pledge with donor restriction for the endowment) and board restricted endowment of $614,078, net of accounts payable and accrued expense of $96,120 at year end. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure. The Center has a goal to maintain financial assets on hand to meet at least 30 days of normal operating expenses which are, on the average, total approximately $350,000 per month given full programmatic expenditures.

GOOD SAMARITAN CENTER OF SAN ANTONIO, TEXAS
Notes to Audited Financial Statements
August 31, 2018

NOTE N - FEES FROM GOVERNMENTAL AGENCIES

This revenue consisted of the following at August 31:

	2018 (Year)		2017 (Two Months)	
	Amount	Percent of Total Support and Revenue	Amount	Percent of Total Support and Revenue
City of San Antonio (Senior Services)	$ 33,765	2.2%	$ 4,719	2.0%
City of San Antonio (Career to College Program)	131,641	8.5%	21,034	8.7%
City of San Antonio (Youth Development/At-Risk Program)	68,356	4.4%	9,739	4.0%
City of San Antonio - CCDS (Child Development Program)	88,605	5.7%	15,029	6.2%
U.S. Department of Health and Human Services: Community Youth Development Programs passed-through from TDFPS	838,050	54.2%	149,857	62.1%
U.S. Department of Health and Human Services: Early Head Start Program passed-through from AVANCE	242,754	15.7%	41,074	17.0%
U.S. Department of Health and Human Services: Parents as Teachers Program passed-through from United Way of San Antonio	120,294	7.8%	-	0.0%
U.S. Department of Agriculture: Emergency Food Assistance Program Food commodities passed-through from the San Antonio Food Bank	23,021	1.5%	-	0.0%
Total Fees from Governmental Agencies	$ 1,546,486	100.0%	$ 241,452	100.0%