THE SAMARITAN WOMEN, INC. AND SUBSIDIARY

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

THE SAMARITAN WOMEN, INC. AND SUBSIDIARY

CONTENTS

WEYRICH | CRONIN | SORRA

Independent Auditors' Report

To the Board of Directors
The Samaritan Women, Inc. and Subsidiary
Baltimore, Maryland

We have audited the accompanying consolidated financial statements of The Samaritan Women, Inc. (a nonprofit organization) and wholly owned subsidiary of John 4 Management, LLC (the Organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Samaritan Women, Inc. and wholly owned subsidiary of John 4 Management, LLC as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Adjustment

As discussed in Note 10 to the financial statements, the 2018 financial statements have been restated for an increase in rent expense to be recognized in 2018 with a corresponding offset to the mortgage receivable. Our opinion is not modified with respect to this matter.

Hunt Valley, Maryland
August 6, 2020

THE SAMARITAN WOMEN, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position
December 31, 2019 and 2018

ASSETS

	2019	Restated 2018
CURRENT ASSETS:		
Cash	$ 612,101	$ 380,898
Investments	69,142	69,277
Accounts receivable	29,218	27,975
Grants receivable	550,500	333,374
Mortgage receivable	69,004	69,004
Total Current Assets	1,329,965	880,528
PROPERTY AND EQUIPMENT - AT COST:		
Land	80,000	80,000
Building	387,873	387,873
Building improvements	402,751	391,990
Automobiles	22,618	22,618
Equipment	42,190	42,190
	935,432	924,671
Less: accumulated depreciation	142,405	112,305
Total Property and Equipment - Net	793,027	812,366
OTHER ASSETS:		
Grants receivable, net of discount to present value	722,000	25,000
Mortgage receivable	276,017	345,021
Total Other Assets	998,017	370,021
TOTAL ASSETS	$ 3,121,009	$ 2,062,915

See accompanying notes to financial statements

THE SAMARITAN WOMEN, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position
December 31, 2019 and 2018

LIABILITIES AND NET ASSETS

	2019	Restated 2018
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 5,269	$ 14,617
Payroll liabilities	36,149	15,404
Deferred revenue	18,799	- 0 -
Current portion of mortgage payable	21,326	20,419
Total Current Liabilities	81,543	50,440
LONG TERM LIABILITIES:		
Mortgage Payable	150,037	171,363
NET ASSETS:		
Without donor restrictions	1,381,298	1,161,835
With donor restrictions	1,508,131	679,277
Total Net Assets	2,889,429	1,841,112
TOTAL LIABILITIES AND NET ASSETS	$ 3,121,009	$ 2,062,915

See accompanying notes to financial statements

THE SAMARITAN WOMEN, INC. AND SUBSIDIARY

Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Grants and contributions	$ 479,525	$ 1,545,000	$ 2,024,525
In-kind income	3,527	- 0 -	3,527
Event income	26,345	- 0 -	26,345
Program income	90,972	- 0 -	90,972
Investment return - net	(135)	- 0 -	(135)
Net assets released from restrictions	716,146	(716,146)	- 0 -
Total Support and Revenue	1,316,380	828,854	2,145,234
EXPENSES:			
Program services:			
Restorative	339,965	- 0 -	339,965
Mission (Assessment)	24,664	- 0 -	24,664
Graduate	15,419	- 0 -	15,419
Impact Social Justice	135,156	- 0 -	135,156
Institute for Shelter Care	266,099	- 0 -	266,099
Supporting services:			
Management and general	183,475	- 0 -	183,475
Fundraising	132,139	- 0 -	132,139
Total Expenses	1,096,917	- 0 -	1,096,917
CHANGE IN NET ASSETS	219,463	828,854	1,048,317
NET ASSETS AT BEGINNING OF YEAR, AS PREVIOUSLY STATED	1,195,335	679,277	1,874,612
Prior period adjustment	(33,500)	- 0 -	(33,500)
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	1,161,835	679,277	1,841,112
NET ASSETS AT END OF YEAR	$ 1,381,298	$ 1,508,131	$ 2,889,429

See accompanying notes to financial statements

THE SAMARITAN WOMEN, INC. AND SUBSIDIARY

Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2018

	Without Donor Restrictions	Restated With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Grants and contributions	$ 459,826	$ 25,124	$ 484,950
In-kind income	4,627	- 0 -	4,627
Event income	15,456	- 0 -	15,456
Program income	38,565	- 0 -	38,565
Miscellaneous income	(320)	- 0 -	(320)
Loss on disposal of property and equipment	(220)	- 0 -	(220)
Net assets released from restrictions	708,385	(708,385)	- 0 -
Total Support and Revenue	1,226,319	(683,261)	543,058
EXPENSES:			
Program services:			
Restorative	489,689	- 0 -	489,689
Mission (Assessment)	36,665	- 0 -	36,665
Graduate	26,790	- 0 -	26,790
Impact Social Justice	275,340	- 0 -	275,340
Institute for Shelter Care	34,378	- 0 -	34,378
Supporting services:			
Management and general	216,963	- 0 -	216,963
Fundraising	96,272	- 0 -	96,272
Total Expenses	1,176,097	- 0 -	1,176,097
CHANGE IN NET ASSETS BEFORE UNUSUAL ITEM	50,222	(683,261)	(633,039)
Donation of mortgage receivable	483,029	- 0 -	483,029
CHANGE IN NET ASSETS	533,251	(683,261)	(150,010)
NET ASSETS AT BEGINNING OF YEAR	628,584	1,362,538	1,991,122
NET ASSETS AT END OF YEAR	$ 1,161,835	$ 679,277	$ 1,841,112

See accompanying notes to financial statements

THE SAMARITAN WOMEN, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2019

	PROGRAM SERVICES						SUPPORTING SERVICES			
	Restorative	Mission (Assessment)	Graduate	Impact Social Justice	Institute For Shelter Care	Total	Management and General	Fund-Raising	Total	Grand Total
Salaries	$ 217,051	$ 17,245	$ - 0 -	$ 53,511	$ 189,916	$ 477,723	$ 65,949	$ 86,057	$ 152,006	$ 629,729
Payroll taxes	20,920	1,662	- 0 -	5,157	18,304	46,043	6,356	8,295	14,651	60,694
Other payroll benefits	3,214	255	- 0 -	792	2,813	7,074	977	1,275	2,252	9,326
	241,185	19,162	- 0 -	59,460	211,033	530,840	73,282	95,627	168,909	699,749
Bank fees	124	- 0 -	- 0 -	2,708	85	2,917	2,926	1,386	4,312	7,229
Conferences and meetings	56	- 0 -	- 0 -	104	969	1,129	176	33	209	1,338
Contribution	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	1,958	1,958	1,958
Dues and subscriptions	- 0 -	- 0 -	- 0 -	758	384	1,142	5,522	- 0 -	5,522	6,664
Enrichment	100	- 0 -	- 0 -	- 0 -	- 0 -	100	- 0 -	- 0 -	- 0 -	100
Equipment and vehicles	1,019	- 0 -	- 0 -	- 0 -	- 0 -	1,019	466	- 0 -	466	1,485
Events	- 0 -	- 0 -	- 0 -	27,567	13,354	40,921	- 0 -	2,286	2,286	43,207
Food	5,264	- 0 -	- 0 -	- 0 -	- 0 -	5,264	- 0 -	- 0 -	- 0 -	5,264
Furnishings and repairs	2,494	17	- 0 -	- 0 -	1,360	3,871	3,174	- 0 -	3,174	7,045
Insurance	5,830	- 0 -	- 0 -	- 0 -	11,520	17,350	16,837	4,146	20,983	38,333
Interest	- 0 -	- 0 -	8,122	- 0 -	- 0 -	8,122	- 0 -	- 0 -	- 0 -	8,122
Marketing	341	- 0 -	- 0 -	1,304	1,377	3,022	117	6,483	6,600	9,622
Miscellaneous	12,688	- 0 -	- 0 -	281	209	13,178	3,360	- 0 -	3,360	16,538
Professional development	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Professional fees	- 0 -	- 0 -	- 0 -	370	389	759	13,172	7,750	20,922	21,681
Rent	23,784	- 0 -	- 0 -	- 0 -	- 0 -	23,784	35,790	9,430	45,220	69,004
Supplies - office and other	2,448	- 0 -	- 0 -	1,338	1,407	5,193	4,345	1,138	5,483	10,676
Taxes - other	5,977	- 0 -	- 0 -	- 0 -	3,030	9,007	909	- 0 -	909	9,916
Technology	2,265	- 0 -	- 0 -	32,096	3,231	37,592	- 0 -	- 0 -	- 0 -	37,592
Trainings	261	- 0 -	- 0 -	1,407	1,285	2,953	833	235	1,068	4,021
Travel	2,449	- 0 -	- 0 -	7,058	8,553	18,060	5,547	120	5,667	23,727
Utilities	19,663	201	151	- 0 -	5,413	25,428	12,492	797	13,289	38,717
Volunteer	218	- 0 -	- 0 -	705	2,500	3,423	655	750	1,405	4,828
	326,166	19,380	8,273	135,156	266,099	755,074	179,603	132,139	311,742	1,066,816
Depreciation	13,799	5,284	7,146	- 0 -	- 0 -	26,229	3,872	- 0 -	3,872	30,101
Total Expenses	$ 339,965	$ 24,664	$ 15,419	$ 135,156	$ 266,099	$ 781,303	$ 183,475	$ 132,139	$ 315,614	$ 1,096,917

See accompanying notes to financial statements

THE SAMARITAN WOMEN, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2018

	PROGRAM SERVICES						SUPPORTING SERVICES			
	Restorative	Mission (Assessment)	Graduate	Impact Social Justice	Institute For Shelter Care	Restated Total	Management and General	Fund-Raising	Total	Restated Grand Total
Salaries	$ 301,624	$ 17,637	$ - 0 -	$ 134,466	$ 16,893	$ 470,620	$ 72,458	$ 58,236	$ 130,694	$ 601,314
Payroll taxes	28,181	1,676	- 0 -	12,810	1,567	44,234	6,739	5,465	12,204	56,438
Other payroll benefits	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	867	- 0 -	867	867
	329,805	19,313	- 0 -	147,276	18,460	514,854	80,064	63,701	143,765	658,619
Bank fees	- 0 -	- 0 -	- 0 -	736	- 0 -	736	22,794	504	23,298	24,034
Contributions	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	4,000	595	4,595	4,595
Dues and subscriptions	12	- 0 -	- 0 -	1,029	- 0 -	1,041	5,934	- 0 -	5,934	6,975
Enrichment	4,653	- 0 -	- 0 -	- 0 -	- 0 -	4,653	- 0 -	- 0 -	- 0 -	4,653
Equipment and vehicles	8,162	- 0 -	- 0 -	- 0 -	- 0 -	8,162	806	- 0 -	806	8,968
Events	- 0 -	- 0 -	- 0 -	46,656	- 0 -	46,656	- 0 -	3,658	3,658	50,314
Food	18,747	- 0 -	- 0 -	- 0 -	- 0 -	18,747	- 0 -	- 0 -	- 0 -	18,747
Furnishings and repairs	3,380	4,263	142	- 0 -	- 0 -	7,785	10,219	- 0 -	10,219	18,004
Insurance	16,939	2,047	- 0 -	15,607	1,961	36,554	8,410	- 0 -	8,410	44,964
Interest	- 0 -	- 0 -	9,009	- 0 -	- 0 -	9,009	- 0 -	- 0 -	- 0 -	9,009
Marketing	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	135	73	208	208
Miscellaneous	21,050	629	836	1,057	- 0 -	23,572	556	135	691	24,263
Professional fees	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	10,111	14,825	24,936	24,936
Rent	23,784	- 0 -	- 0 -	- 0 -	- 0 -	23,784	35,790	9,430	45,220	69,004
Supplies - office and other	4,541	- 0 -	- 0 -	1,145	- 0 -	5,686	3,629	2,892	6,521	12,207
Taxes - other	30	3,016	4,698	- 0 -	- 0 -	7,744	80	- 0 -	80	7,824
Technology	11,246	- 0 -	- 0 -	49,317	11,264	71,827	720	- 0 -	720	72,547
Trainings	3,725	- 0 -	- 0 -	358	191	4,274	757	404	1,161	5,435
Travel	1,033	- 0 -	- 0 -	11,774	2,395	15,202	1,572	55	1,627	16,829
Utilities	20,328	2,284	4,959	- 0 -	- 0 -	27,571	14,169	- 0 -	14,169	41,740
Volunteer	9,106	- 0 -	- 0 -	385	107	9,598	13,256	- 0 -	13,256	22,854
	476,541	31,552	19,644	275,340	34,378	837,455	213,002	96,272	309,274	1,146,729
Depreciation	13,148	5,113	7,146	- 0 -	- 0 -	25,407	3,961	- 0 -	3,961	29,368
Total Expenses	$ 489,689	$ 36,665	$ 26,790	$ 275,340	$ 34,378	$ 862,862	$ 216,963	$ 96,272	$ 313,235	$ 1,176,097

See accompanying notes to financial statements

THE SAMARITAN WOMEN, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	Restated 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,048,317	$ (150,010)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	30,101	29,368
Loss on investment	135	- 0 -
Loss on disposal of property and equipment	- 0 -	220
(Increase) decrease in assets:		
Accounts receivable	(1,243)	(27,975)
Grant receivable	(914,126)	429,350
Prepaid expenses	- 0 -	881
Other assets	- 0 -	3,568
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(9,348)	(9,807)
Payroll liabilities	20,745	(1,155)
Amounts held in escrow	- 0 -	(1,483)
Deferred revenue	18,799	- 0 -
Net cash provided by (used in) operating activities	193,380	272,957
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(10,762)	(39,933)
Purchase of investments	- 0 -	(24,610)
Donation of mortgage receivable	- 0 -	(483,029)
Collection on mortgage receivable	69,004	69,004
Net cash provided by (used in) investing activities	58,242	(478,568)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on mortgage	(20,419)	(19,531)
Net cash provided by (used in) financing activities	(20,419)	(19,531)
NET CHANGE IN CASH	231,203	(225,142)
CASH AT BEGINNING OF YEAR	380,898	606,040
CASH AT END OF YEAR	$ 612,101	$ 380,898
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ 8,122	$ 9,009
SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING ACTIVITIES:		
Non-cash in-kind income and expenses	$ 3,527	$ 4,627
Gifts received in stock contributions	$ - 0 -	$ 25,109
Donation of mortgage receivable	$ - 0 -	$ 483,029

See accompanying notes to the financial statements

1. Organization and Summary of Significant Accounting Policies

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

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

During the year ended December 31, 2016, John 4 Management, LLC was established to purchase real property. The Organization is the sole member of John 4 Management, LLC.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of The Samaritan Women, Inc. and its wholly owned subsidiary, John 4 Management, LLC. Intercompany transactions and balances have been eliminated in consolidation. Consolidated assets consist of $318,688 for land and a building and consolidated liabilities consist of a mortgage payable of $171,363 as of December 31, 2019. Consolidated assets consist of $318,688 for land and a building and consolidated liabilities consist of a mortgage payable of $191,782 as of December 31, 2018.

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

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

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

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

1. Organization and Summary of Significant Accounting Policies (continued)

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

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

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

Investments - Investments are reported at their fair value in the consolidated statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for a discussion of fair value measurements. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

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

1. Organization and Summary of Significant Accounting Policies (continued)

Grants Receivable - Grants receivable represent amounts due from unrelated third parties and are recorded at their net realizable value. The Organization provides an allowance for doubtful accounts, as needed, for amounts deemed uncollectible. The allowance is based on historical experience and management's analysis of accounts receivable. As of December 31, 2019 and 2018, no allowance was deemed necessary. The grant receivable balance has been discounted for a multi-year discount with rates between 1.58% - 1.59% for the year-ended December 31, 2019. No discount was recorded for the year ended December 31, 2018 as the amount was deemed immaterial.

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

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

Category	Years
Building and building improvements	7 - 39
Automobiles	5
Equipment	7

Deferred Revenue - Occasionally, the Organization receives grant monies that are due to be returned in the event the grant is not expended within the duration of the grant period or committed for the purpose authorized. The grant monies are deferred and recognized in the grant period in which they are expended. As of December 31, 2019 and 2018, the balance of deferred revenue was $18,799 and $-0-, respectively.

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

1. Organization and Summary of Significant Accounting Policies (continued)

Program income consists of registration fees and culinary sales revenue which consists of a single performance obligation that is recorded at a point in time. Registration fees for events are recorded at the time of ticket purchase with income deferred for events which have not yet taken place as of year-end. Membership dues consist of amounts individuals and businesses pay in order to participate in educational and social activities hosted by the Organization. Dues are recognized when received as support without donor restrictions.

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

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

Income Taxes - The Samaritan Women, Inc. is exempt from federal and state income taxes under Internal Revenue Code Section 501(a) as a public charity described in Section 501(c)(3) and has not been classified as a private foundation. The activity of John 4 Management, LLC is reported with the Samaritan Women as it is wholly owned. The Samaritan Women, Inc. is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2016.

Advertising Costs - Costs to promote the Organization's programs are expensed as they are incurred and are reflected in these financial statements as marketing expense. Marketing expense was $9,622 and $208 for the years ended December 31, 2019 and 2018, respectively.

Change in Accounting Principles - The Financial Accounting Standards Board (FASB) has issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, we refer to the new Topic 606 and Subtopic 340-40 as the "new guidance." This update requires entities to make new judgements and estimates and to provide expanded disclosures about revenue.

1. Organization and Summary of Significant Accounting Policies (continued)

The Organization adopted the new standard effective January 1, 2019, using the modified retrospective approach. The Organization also elected the following transition practical expedients (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

Additionally, in June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances the comparability of financial information among not-for-profit entities. The change in accounting principle was adopted retrospectively in 2019. For the year ended December 31, 2018, no reclassifications or other adjustments were necessary in adopting this new standard. As a result, there was no cumulative-effect adjustment to opening net assets with or without donor restrictions as of January 1, 2019.

Reclassifications – Certain items in the 2018 presentation have been reclassified to conform with the 2019 presentation.

2. Grants Receivable

Grants receivable of $1,272,500 and $358,374 as of December 31, 2019 and 2018, respectively, represents amount due from unrelated third parties under grant agreements and are deemed to be fully collectible by management.

	2019	2018
Receivable in less than one year	$ 550,500	$ 333,374
Receivable in one to five years	750,000	25,000
Total receivables	1,300,500	358,374
Less: discount on pledges at 1.58% - 1.59%	(28,000)	- 0 –
Receivables, net	$ 1,272,500	$ 358,374

No discount for net present value was recorded for grants receivable for the year ending December 31, 2018, as the amount was deemed immaterial.

3. Mortgage Receivable

The Organization accepted a mortgage receivable on one of its operating properties (see Note 6) from a donor in 2018. The Board of Directors agreed on a 6 year amortization at a rate of $5,750 per month substantiated by local residential and commercial market rates.

The annual maturities of the mortgage receivable are as follows:

Year ending December 31,	2020	$ 69,004
	2021	69,004
	2022	69,004
	2023	69,004
	2024	69,005
	Total	$ 345,021

4. Investments

The Organization has a donor advised fund with the National Christian Foundation. The following is a summary of investments at fair value as of December 31:

	2019	2018
Money market funds	$ 69,142	$ 69,277

The following schedule summarizes the investment return in the statements of activities for the years ended December 31, 2019 and 2018:

	2019	2018
Interest and dividends	$ 552	$ 188
Less: investment expenses	687	508
	$ (135)	$ (320)

5. Fair Value Measurements

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

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2019 and 2018 is as follows:

5. Fair Value Measurements (continued)

	Fair Value Measurements at Reporting Date Using:		
December 31, 2019:	Cost	Quoted Prices in Active Markets for Similar Assets (Level 2)	Unrealized Gain
Money market funds	$ 69,142	$ 69,142	$ - 0 -
Total assets at fair value	$ 69,142	$ 69,142	$ - 0 -

	Fair Value Measurements at Reporting Date Using:		
December 31, 2018:	Cost	Quoted Prices in Active Markets for Similar Assets (Level 2)	Unrealized Gain
Money market funds	$ 69,277	$ 69,277	$ - 0 -
Total assets at fair value	$ 69,277	$ 69,277	$ - 0 -

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

Level 2 Fair Value Measurements

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

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended December 31, 2019 and 2018.

6. Mortgage Payable

Property purchased for the Organization's use in December 2016 is subject to a mortgage payable of $230,000. Principal and interest payments of $2,378 are due monthly with a balloon payment of $130,104 due on December 28, 2021. The mortgage bears fixed interest of 4.39% and the balance outstanding as of December 31, 2019 and 2018 is $171,363 and $191,782.

Annual maturities of long-term debt are as follows:

Year ending December 31, 2020	$ 21,326
2021	150,037
Total	$ 171,363

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31:

	2019	2018
Purpose restrictions, available for spending:		
Alliance program	$ 81,438	$ 120,063
Board development	21,617	- 0 -
Contractual services of a trauma care specialist	- 0 -	1,000
Director of spiritual care	106,401	111,932
Graduate program	55,821	121,768
Institute	450,000	- 0 -
Program budget	160,000	- 0 -
Restorative program	492,854	324,514
Shelter program	140,000	- 0 -
	$ 1,508,131	$ 679,277

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows at December 31:

	2019	2018
Alliance program	$ 188,625	$ 109,937
Assessment program	- 0 -	58,367
Board development	3,383	- 0 -
Consultants/professional development	- 0 -	5,687
Contractual services of a trauma care specialist	1,000	- 0 -
Culinary training	- 0 -	3,096
Director of spiritual care	5,531	10,405
Facility renovations	- 0 -	34,965
Graduate program	65,948	77,520
Information technology	- 0 -	20,585
Medical and dental	- 0 -	1,769
Program budget	80,000	- 0 -
Restorative program	301,659	357,216

7. Net Assets with Donor Restrictions (continued)

	2019	2018
Shelter program	70,000	- 0 -
Training program – "My Life, My Choice Project"	- 0 -	3,838
WAVA	- 0 -	25,000
	$ 716,146	$ 708,385

8. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2019	2018
Financial assets at year end	$ 2,327,982	$ 1,250,549
Less those unavailable for general expenditures within one year, due to:		
Long-term mortgage receivable	276,017	345,021
Restricted by donors with purpose or time restrictions	1,508,131	679,277
Financial assets available to meet cash needs for general expenditures within one year	$ 543,834	$ 226,251

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

9. Related Party

The Organization leases its facilities from Chapel Grace, LLC, which was formed to purchase the property in 2007 (see Note 10). Chapel Grace, LLC is owned by the executive director of the Organization. The executive director is the guarantor on the mortgage on the property. The Organization renovated and currently operates the property. As discussed in Note 3, the third-party holder of the mortgage on the property donated the remaining value of the mortgage to the Organization during the year ended December 31, 2018.

10. Lease Commitment

In January 2013, the Organization entered into an amended lease agreement for housing and office space with Chapel Grace, LLC (see Note 9). The lease agreement was extended for an additional four (4) years, through December 31, 2016. In 2019, the Organization signed a retroactive lease effective beginning January 1, 2018 for a term of seven years ending December 31, 2024. As a result of the change in terms, a prior period adjustment to adjust rent expense and the corresponding mortgage receivable was recorded as of December 31, 2019. Total rent expense under the lease was $69,004 for the years ended December 31, 2019 and 2018.

11. Contingencies

Most grants specify the types of expenditures for which the grant's funds may be used. The expenditures made by the Organization under some of these grants are subject to audit. To date, the Organization has not been notified of any significant unallowable costs relating to its grants or contracts. In the opinion of management, adjustments for unallowable costs, if any, resulting from such audits will not have a material effect on the accompanying consolidated financial statements.

12. Concentrations and Credit Risk

During the year ended December 31, 2019 and 2018, the Organization received a donation from one party that comprised 42% and 55% of its total support and revenue for the year and comprised 66% and 78% of its grants receivable as of December 31, 2019 and 2018.

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

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

13. Prior Period Restatement

During the year-ending December 31, 2019, the Organization revised the terms of the lease agreement relating to the mortgage receivable. The original terms of the lease called for a 10 year amortization with a rate of $4,000 per month for rental payments. The agreement was revised to a seven year amortization schedule at a rate of $5,750 per month. The agreement was put in place retroactively as of January 1, 2018. As such, the prior year financial statements have been restated to agree the balances as of December 31, 2018 to the revised agreement. Rent expense of $69,004 with a corresponding decrease to the donated mortgage receivable of the same amount have been reflected in the restated financial statements. Total adjustment of $33,500 to beginning net assets has been reflected on the consolidated statement of activities and changes in net assets for the year ended December 31, 2019.

14. Subsequent Events

Management has evaluated subsequent events through August 6, 2020, the date which the financial statements were available to be issued.

On January 1, 2020, the Alliance program, which is included in the Restorative program service on the consolidated statement of functional expenses, became its own entity, separate from The Samaritan Women, Inc. As of that date, all financial activity associated with the Alliance program will no longer be included on the consolidated financial statements of the Organization. A $75,000 grant receivable on the books at December 31, 2019 will also be donated to the newly formed Organization on January 1, 2020 as the grant receivable was received in order to support the Alliance program.

In March 2020, significant mitigation efforts began taking effect in the United States in an attempt to curtail the spread of the coronavirus (COVID-19) pandemic. Such efforts have included travel restrictions, business closures, and event cancellations. Capital markets have seen significant volatility in the wake of the pandemic and significant economic disruptions are likely to occur. In response, the Organization has altered its operations by reducing personnel on-site and by working remotely where possible. Management cannot reasonably estimate the related financial impact and duration of the situation at this time. However, the Organization believes it has sufficient cash and investment reserves to sustain operations in the event of continued disruption. Management intends to monitor the situation on an ongoing basis and to continue efforts to reduce its impact on the Organization's operations and financial resources.

In April 2020, as a result of mitigating efforts to reduce the spread of coronavirus, which included the closure of all non-essential businesses, a reduction in cash flow to cover operating expenses was anticipated. As a result, the Organization applied for and received a $124,002 loan under the Payroll Protection Program. The loan is for a term of two years and bears interest at a fixed rate of 1% per annum. Payments on this loan are deferred for a period of six months. This loan qualifies for forgiveness after eight weeks, if all criteria for forgiveness are satisfied.