

**SAMARITAN RECOVERY COMMUNITY, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2021**

# **SAMARITAN RECOVERY COMMUNITY, INC.**

## **TABLE OF CONTENTS**

### **INTRODUCTORY SECTION**

Schedule of Officials	4
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### **FINANCIAL SECTION**

Independent Auditor's Report	6
------------------------------	---

#### **Financial Statements:**

Statements of Financial Position	8
----------------------------------	---

Statements of Activities	9
--------------------------	---

Statements of Functional Expenses	11
-----------------------------------	----

Statements of Cash Flows	13
--------------------------	----

Notes to Financial Statements	14
-------------------------------	----

### **SUPPLEMENTAL INFORMATION**

Schedules of Expenditures of Federal Awards and State Financial Assistance	23
--	----

### **COMPLIANCE AND INTERNAL CONTROL**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	26
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Schedule of Findings and Responses	28
------------------------------------	----

Schedule of Prior Audit Findings	29
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## **INTRODUCTORY SECTION**

**SAMARITAN RECOVERY COMMUNITY, INC.**  
**SCHEDULE OF OFFICIALS**  
**JUNE 30, 2021**

**Board of Trustees**

Todd Friedenber	Chairman
Walker Choppin	Vice-Chairman
Will Choppin	Treasurer
Julie Smith	Secretary
Betty Benoit	Board Member
Mike Coode	Board Member
Kim Cooney	Board Member
Michael DeAgro	Board Member
Mona Lisa McGhee	Board Member

**Executive Staff**

Deana Crossley	Executive Director
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## **FINANCIAL SECTION**

**BELLENFANT**

CERTIFIED PUBLIC ACCOUNTANTS &amp; ADVISORS

Professional Accounting &amp; Consulting Services

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Samaritan Recovery Community, Inc.  
Nashville, Tennessee

**Report on the Financial Statements**

We have audited the accompanying financial statements of Samaritan Recovery Community, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, 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 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.

**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 auditing standards generally accepted in the United States of America 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 risks 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.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Samaritan Recovery Community, Inc., as of June 30, 2021 and 2020, 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.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of officials and schedule of expenditures of federal awards and state financial assistance are presented for the purposes of additional analysis and are 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 used in accordance with auditing standards generally accepted in the United States of America. 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 September 21, 2021 on our consideration of Samaritan Recovery Community, Inc.'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 solely 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 the effectiveness of 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 Samaritan Recovery Community, Inc.'s internal control over financial reporting and compliance.

*Bellenfant, PLLC*

Nashville, Tennessee  
September 21, 2021

**SAMARITAN RECOVERY COMMUNITY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

**ASSETS**

<b>CURRENT ASSETS</b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Cash and Cash Equivalents	\$ 743,734	\$ 658,543
Investments	1,153,134	951,080
Accounts Receivable	72,542	52,986
Grants Receivable	141,384	105,133
Prepaid Expenses and Other Current Assets	<u>6,583</u>	<u>8,893</u>
Total Current Assets	<u>2,117,377</u>	<u>1,776,635</u>
<b>FIXED ASSETS</b>		
Fixed Assets, at cost, net of accumulated depreciation	<u>1,357,708</u>	<u>1,457,501</u>
Total Assets	<u><u>\$ 3,475,085</u></u>	<u><u>\$ 3,234,136</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 19,199	\$ 37,243
Accrued Expenses	91,828	86,257
Health and Human Services Loan	44,867	-
SBA PPP Loan Payable	<u>224,860</u>	<u>213,600</u>
Total Current Liabilities	<u>380,754</u>	<u>337,100</u>
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions	<u>3,094,331</u>	<u>2,897,036</u>
Total Net Assets	<u>3,094,331</u>	<u>2,897,036</u>
Total Liabilities and Net Assets	<u><u>\$ 3,475,085</u></u>	<u><u>\$ 3,234,136</u></u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.



**SAMARITAN RECOVERY COMMUNITY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>SUPPORT AND REVENUE</b>	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Federal Government Awards	\$ 395,844	\$ -	\$ 395,844
State Government Awards	1,148,296	-	1,148,296
Private Pay Insurance	159,035	-	159,035
Self Pay	42,905	-	42,905
Contributions	14,164	-	14,164
Vending	6,339	-	6,339
Rental Income	113,617	-	113,617
Investment Income	232,862	-	232,862
SBA PPP Loan Forgiveness	213,600	-	213,600
Other	5,262	-	5,262
	<u>          </u>	<u>          </u>	<u>          </u>
Total Support and Revenue	<u>\$ 2,331,924</u>	<u>\$ -</u>	<u>\$ 2,331,924</u>
 <b>EXPENSES</b>			
Program Services:			
Intensive Residential	\$ 944,845	\$ -	\$ 944,845
Transitional Living	556,708	-	556,708
Supportive Housing	90,633	-	90,633
Non-Residential Programs	283,660	-	283,660
	<u>          </u>	<u>          </u>	<u>          </u>
Total Program Services	<u>1,875,846</u>	<u>-</u>	<u>1,875,846</u>
Management and General	<u>258,783</u>	<u>-</u>	<u>258,783</u>
Total Expenses	<u>2,134,629</u>	<u>-</u>	<u>2,134,629</u>
Change in Net Assets	197,295	-	197,295
Net Assets, beginning of year	<u>2,897,036</u>	<u>-</u>	<u>2,897,036</u>
Net Assets, end of year	<u><u>\$ 3,094,331</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,094,331</u></u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**SAMARITAN RECOVERY COMMUNITY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>SUPPORT AND REVENUE</b>	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Federal Government Awards	\$ 337,467	\$ -	\$ 337,467
State Government Awards	1,411,034	-	1,411,034
Private Pay Insurance	167,072	-	167,072
Self Pay	50,580	-	50,580
Contributions	5,630	-	5,630
Vending	7,050	-	7,050
Rental Income	146,140	-	146,140
Investment Income	33,905	-	33,905
Other	963	-	963
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Support and Revenue	\$ 2,159,841	\$ -	\$ 2,159,841
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>EXPENSES</b>			
Program Services:			
Intensive Residential	\$ 959,517	\$ -	\$ 959,517
Transitional Living	571,299	-	571,299
Supportive Housing	93,948	-	93,948
Non-Residential Programs	257,283	-	257,283
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Program Services	1,882,047	-	1,882,047
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Management and General	255,545	-	255,545
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenses	2,137,592	-	2,137,592
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Change in Net Assets	22,249	-	22,249
Net Assets, beginning of year	2,874,787	-	2,874,787
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Assets, end of year	\$ 2,897,036	\$ -	\$ 2,897,036
	<u>                    </u>	<u>                    </u>	<u>                    </u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**SAMARITAN RECOVERY COMMUNITY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Program Services</b>					<b>Support Services</b>		
	<b>Intensive Residential</b>	<b>Transitional Living</b>	<b>Supportive Housing</b>	<b>Non- Residential</b>	<b>Total Treatment Programs</b>	<b>Management and General</b>	<b>Total Support</b>	<b>Total All Funds</b>
Salaries	\$ 535,415	\$ 262,072	\$ 33,777	\$ 99,147	\$ 930,411	\$ 25,819	\$ 25,819	\$ 956,230
Employee Benefits	71,801	33,040	4,415	12,839	122,095	5,103	5,103	127,198
Retirement	1,825	1,534	72	219	3,650	727	727	4,377
Payroll Taxes	47,682	22,947	2,859	9,300	82,788	2,121	2,121	84,909
	<u>656,723</u>	<u>319,593</u>	<u>41,123</u>	<u>121,505</u>	<u>1,138,944</u>	<u>33,770</u>	<u>33,770</u>	<u>1,172,714</u>
Professional Fees	118,079	80,684	-	-	198,763	86,969	86,969	285,732
Food	45,650	45,659	-	-	91,309	-	-	91,309
Supplies	30,971	30,954	435	155,064	217,424	1,177	1,177	218,601
Office Expense	2,303	5,680	130	195	8,308	75	75	8,383
Telephone	2,609	1,412	329	1,004	5,354	672	672	6,026
Occupancy	36,454	36,453	44,695	-	117,602	14,264	14,264	131,866
Equipment Rental and Maintenance	16,611	16,615	2,481	-	35,707	-	-	35,707
Insurance	17,880	11,805	1,440	3,584	34,709	1,083	1,083	35,792
Travel	4,029	4,029	-	-	8,058	-	-	8,058
Conferences and Meetings	-	-	-	-	-	-	-	-
Dues and Subscriptions	2,301	3,714	-	500	6,515	-	-	6,515
Miscellaneous	110	110	-	-	220	361	361	581
Depreciation	-	-	-	-	-	120,412	120,412	120,412
Bad Debt	11,125	-	-	1,808	12,933	-	-	12,933
Total Expenses	<u>\$ 944,845</u>	<u>\$ 556,708</u>	<u>\$ 90,633</u>	<u>\$ 283,660</u>	<u>\$ 1,875,846</u>	<u>\$ 258,783</u>	<u>\$ 258,783</u>	<u>\$ 2,134,629</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**SAMARITAN RECOVERY COMMUNITY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Program Services</b>					<b>Support Services</b>		
	<b>Intensive Residential</b>	<b>Transitional Living</b>	<b>Supportive Housing</b>	<b>Non- Residential</b>	<b>Total Treatment Programs</b>	<b>Management and General</b>	<b>Total Support</b>	<b>Total All Funds</b>
Salaries	\$ 538,492	\$ 260,186	\$ 33,268	\$ 82,961	\$ 914,907	\$ 24,032	\$ 24,032	\$ 938,939
Employee Benefits	80,853	37,173	4,881	12,279	135,186	3,608	3,608	138,794
Retirement	2,097	1,537	74	220	3,928	737	737	4,665
Payroll Taxes	49,696	22,766	2,840	7,212	82,514	2,021	2,021	84,535
	671,138	321,662	41,063	102,672	1,136,535	30,398	30,398	1,166,933
Professional Fees	129,271	91,338	892	53,176	274,677	82,087	82,087	356,764
Food	50,729	50,727	-	-	101,456	-	-	101,456
Supplies	32,375	32,374	241	97,432	162,422	1,075	1,075	163,497
Office Expense	1,787	6,716	497	-	9,000	165	165	9,165
Telephone	2,510	1,353	307	962	5,132	636	636	5,768
Occupancy	35,432	34,889	44,238	-	114,559	15,341	15,341	129,900
Equipment Rental and Maintenance	15,866	15,708	5,516	-	37,090	158	158	37,248
Insurance	14,925	9,851	1,194	2,985	28,955	896	896	29,851
Travel	2,403	2,402	-	-	4,805	-	-	4,805
Conferences and Meetings	1,368	1,368	-	-	2,736	-	-	2,736
Dues and Subscriptions	1,488	2,686	-	56	4,230	-	-	4,230
Miscellaneous	225	225	-	-	450	20	20	470
Depreciation	-	-	-	-	-	124,769	124,769	124,769
Total Expenses	<u>\$ 959,517</u>	<u>\$ 571,299</u>	<u>\$ 93,948</u>	<u>\$ 257,283</u>	<u>\$ 1,882,047</u>	<u>\$ 255,545</u>	<u>\$ 255,545</u>	<u>\$ 2,137,592</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**SAMARITAN RECOVERY COMMUNITY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Change in Net Assets	\$ 197,295	\$ 22,249
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	120,412	124,769
Realized/Unrealized (Gain) Loss on Investments	(176,274)	(32,304)
(Increase) Decrease in:		
Accounts Receivable	(19,556)	(17,509)
Grants Receivable	(36,251)	4,122
Prepaid Expenses and Other Current Assets	2,310	(1,861)
Increase (Decrease) in:		
Accounts Payable	(18,044)	9,463
Accrued Expenses	5,571	7,086
Net Cash Provided (Used) by Operating Activities	<u>75,463</u>	<u>116,015</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Activity	(25,780)	(90,463)
Disposal (Purchase) of Fixed Assets	<u>(20,619)</u>	<u>(86,065)</u>
Net Cash Provided (Used) by Investing Activities	<u>(46,399)</u>	<u>(176,528)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Health and Human Services Loan Issuance	44,867	-
SBA PPP Loan Payable	224,860	213,600
SBA PPP Loan Forgiveness	<u>(213,600)</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>56,127</u>	<u>213,600</u>
Net Increase (Decrease) in Cash	85,191	153,087
Cash and Cash Equivalents, beginning of year	<u>658,543</u>	<u>505,456</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 743,734</u></u>	<u><u>\$ 658,543</u></u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**SAMARITAN RECOVERY COMMUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Purpose**

Samaritan Recovery Community, Inc. (the Organization), a non-profit organization, is involved in the treatment of chemical dependency (alcohol and drug addiction). All programs are conducted on-premises except for supportive housing and the out-patient program.

**Basis of Accounting**

A significant part of the Samaritan Recovery Community Inc.'s support is derived from government grants and contracts. Contributions by grantors for specific purposes are reported as support in the period a liability is incurred for expenditures in compliance with specific grant requirements. Such amounts received but not yet recognized are reported as deferred revenue. Contributions received are recorded as with or without donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

**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. Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, 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 - These are net assets that are not subject to donor-imposed stipulations. The Organization had \$3,094,331 and \$2,897,036 of net assets without donor restrictions as of June 30, 2021 and 2020, respectively.

Net assets with donor restrictions - These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had no net assets with donor restrictions as of June 30, 2021 and 2020.

**SAMARITAN RECOVERY COMMUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of twelve months or less to be cash equivalents.

**Fixed Assets**

The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. Fixed assets is recorded at cost at the date of purchase. Donated fixed assets are recorded at their fair value at the date of the donation. Certain fixed assets have been purchased in part or in full with grant funds, and to that extent, the State of Tennessee retains a reversionary interest in these assets in the event of their disposition. Depreciation is calculated by the straight-line method over the useful lives of the respective assets as follows:

Buildings	30 years
Land Improvements	5 years
Vehicles	5 years
Furniture and Equipment	5 years

**Accounts Receivable and Allowance for Doubtful Accounts**

It is the policy of the Organization to record accounts receivable when the amount becomes known. Management considers all receivables as of June 30, 2021 and 2020 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

**SAMARITAN RECOVERY COMMUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition**

Grant income is recognized over the grant period in relation to the expenditures incurred and services provided, as outlined in the grant documents. Cash received in excess of grant expenditures to date is recorded as deferred revenue, and an account receivable is recorded when allowable expenditures exceed cash received.

**Accounting Policies for Future Pronouncements**

In February 2016, FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the fiscal year ending June 30, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

In September 2020, FASB issued ASU 2020-07, Gifts-In-Kind Presentation and Disclosure. The standard requires that all gifts-in-kind must be disclosed as a separate line item on the Statement of Activities as well as a disclosure in the notes to the financial statements segregating and disclosing each category of gifts-in-kind received during the fiscal year. This distinction will provide more transparency on non-monetary revenues received by the Organization. This standard will be effective for fiscal years ending June 30, 2022. The Organization is currently in the process of evaluating the impact of this adoption of this ASU on the financial statements.

**2. FEDERAL INCOME TAX STATUS**

The Organization has been determined by the Internal Revenue Service to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Accordingly, the financial statements do not reflect a provision for income taxes.

The Organization files a U.S. Federal Form 990-Return of Organization Exempt from Income Tax. The Organization's returns for the years prior to fiscal year ended June 30, 2018 are no longer open for examination.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.



**SAMARITAN RECOVERY COMMUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**3. FUNDING AND CONCENTRATION**

The Organization receives a major portion of the funds that it uses to conduct its programs from the Tennessee Department of Mental Health and Substance Abuse Service under two federal grant contract and multiple state grant contracts. This represents approximately 66% and 81% of the Organization's total support and revenue as of June 30, 2021 and 2020, respectively. A major reduction of funds from one of the grants, should this occur, would have a material effect on the programs and the financial position of the Organization.

**4. FIXED ASSETS**

The components of fixed assets are categorized as follows:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Land	\$ 497,480	\$ 497,480
Buildings and Improvements	2,720,969	2,738,423
Vehicles	90,399	90,399
Furniture and Equipment	413,060	409,731
Fixed Assets, gross	3,721,908	3,736,033
Less: Accumulated Depreciation	(2,364,200)	(2,278,532)
Fixed Assets, net	<u>\$ 1,357,708</u>	<u>\$ 1,457,501</u>
 Total Depreciation for the Year	 <u>\$ 120,412</u>	 <u>\$ 124,769</u>

**5. MANAGEMENT AGREEMENT**

The Organization entered into a management agreement with Xebec Management, Inc. on October 10, 1985 for the management of the Organization. On June 25, 2015, the board of trustees approved another five-year renewal of the agreement that extends the term until December 1, 2025. The management fee is computed based on a percentage of monthly net revenues. The management fee was \$249,302 and \$253,123 for the years ended June 30, 2021 and 2020, respectively.

**6. EMPLOYEE COSTS**

Included in the management agreement is an employee leasing agreement for all of the employees of the Organization. The Organization reimburses the management company the actual cost of the of the payroll plus a minor service fee. The costs of salaries, payroll taxes and other benefits are shown in the financials as though they were paid directly by the Organization.

The leasing arrangement includes a 401(k) plan for all eligible Organization employees. Employees may contribute up to 15% of their compensation and the Organization will contribute one dollar for every dollar of employee contributions up to 5% of the employee's salary. Employer contributions vest periodically based on length of participation in the plan. The total expense under this plan was \$4,377 and \$4,665 for the years ended June 30, 2021 and 2020, respectively.

**SAMARITAN RECOVERY COMMUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**7. CONCENTRATION OF CREDIT RISK**

The Organization maintains accounts at one commercial bank. As of June 30, 2021 and 2020, the cash accounts exceeded the Federal Deposit Insurance Corporation limit of \$250,000 by \$471,030 and \$432,507, respectively. However, management does not see this as a threat to the organization.

**8. COMMITMENTS**

The Organization has a 63 month lease for office equipment. The lease began on March 10, 2021 and will expire on June 10, 2026. The lease has a fixed payment of \$128 per month.

Rent paid on the office equipment leases totaled \$3,465 and \$3,732 for the years ended June 30, 2021 and 2020, respectively.

Future minimum rental payments required are as follows:

Year ended June 30,	Amount
2022	\$ 3,432
2023	3,432
2024	3,432
2025	3,432
2026	3,432
Total	<u>\$ 17,160</u>

**9. INVESTMENTS**

Investment securities are carried at fair value based upon quoted prices in active markets (all Level 1) and consist of the following as of June 30:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Equity Funds	\$ 507,630	\$ 796,642	\$ 491,786	\$ 585,692
Fixed Income	250,087	266,652	190,199	207,303
Alternative Investments	85,910	89,840	51,309	53,085
Money Market	-	-	105,000	105,000
	<u>\$ 843,627</u>	<u>1,153,134</u>	<u>\$ 838,294</u>	<u>951,080</u>

Total investment gain relating to marketable securities and instruments consist of the following at June 30:

	2021	2020
Interest & Dividend Income	\$ 21,710	\$ 24,851
Investments (Purchased) Sold	34,878	(23,250)
Realized/Unrealized Gain (Loss)	176,274	32,304
Investment Income	<u>\$ 232,862</u>	<u>\$ 33,905</u>

**SAMARITAN RECOVERY COMMUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**10. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, receivables, prepaids, payables and accruals: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

**11. FAIR VALUE OF INVESTMENTS**

The Organization's investments are reported at fair value in the accompanying statement of financial position.

Fair Value Measurements at June 30, 2021				
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Funds	\$ 796,642	\$ 796,642	\$ -	\$ -
Fixed Income	266,652	266,652	-	-
Alternative Investments	89,840	89,840	-	-
Money Market	-	-	-	-
	<u>1,153,134</u>	<u>\$ 1,153,134</u>	<u>\$ -</u>	<u>\$ -</u>
Fair Value Measurements at June 30, 2020				
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Funds	\$ 585,692	\$ 585,692	\$ -	\$ -
Fixed Income	207,303	207,303	-	-
Alternative Investments	53,085	53,085	-	-
Money Market	105,000	105,000	-	-
	<u>951,080</u>	<u>\$ 951,080</u>	<u>\$ -</u>	<u>\$ -</u>

**SAMARITAN RECOVERY COMMUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**11. FAIR VALUE OF INVESTMENTS (Continued)**

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements, 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 consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements - The fair value of the investments are based on the closing price reported on the active market where the securities are traded.

Level 2 Fair Value Measurements - The fair value of the investments are based on inputs other than quoted prices within Level 1 that are observable for the asset, either directly, or indirectly.

Level 3 Fair Value Measurements - The fair value of the investments are based on at least one significant unobservable input.

**12. SBA PPP LOAN PAYABLE**

In response to the COVID-19 pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and it was signed into law on March 27, 2020. The CARES Act implemented the Payroll Protection Program (PPP), which provides loans to small businesses and charitable organizations to keep their employees on payroll. The Organization obtained the first PPP loan for \$213,600 on April 25, 2020, and the loan was forgiven in full on January 21, 2021. The Organization obtained the second PPP Loan for \$224,860 on March 17, 2021. The portion of loan proceeds that is spent on qualified payroll costs and operational expenses will be forgiven.

**13. UNCERTAINTIES**

On March 11, 2020, the World Health Organization characterized the outbreak of the COVID-19 coronavirus as a pandemic. Since the Organization receives the majority of its revenue from reimbursable grants, the ongoing pandemic may significantly impact enrollment and subsequently affect the Organization's ability to generate revenue.

**SAMARITAN RECOVERY COMMUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**14. AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

	<u>2021</u>	<u>2020</u>
Financial assets, at year-end	\$ 1,896,868	\$ 1,609,623
Less: assets held in investments	<u>(1,153,134)</u>	<u>(951,080)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 743,734</u>	 <u>\$ 658,543</u>

There is an adequate amount of financial assets available as of June 30, 2021 and 2020. The Organization effectively manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date.

**15. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 21, 2021 which is the date the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

**SAMARITAN RECOVERY COMMUNITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass-Through Grantor	Program/Cluster Name	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
<b>Federal Awards</b>					
<b>Pass-through Funding:</b>					
US Department of Health and Human Services through Tennessee Department of Mental Health & Substance Abuse Services	State Opiod Response - Spoke	93.788	DGA 64279		\$ 361,466
US Department of Health and Human Services through Tennessee Department of Mental Health & Substance Abuse Services	TN Covid-19 Behavioral Health Car Response	93.665	DGA 67189		34,378
Total Program 93.788					\$ 395,844
TOTAL FEDERAL AWARDS					\$ 395,844
<b>State Financial Assistance</b>					
Tennessee Department of Mental Health & Substance Abuse Services	Alcohol and Drug Addiction Treatment	N/A	DGA 65838		41,560
Tennessee Department of Mental Health & Substance Abuse Services	Supervised Probation Offender Treatment	N/A	DGA 65868		34,930
Tennessee Department of Mental Health & Substance Abuse Services	TN Dept of Correction Community Treatment Collaborative	N/A	DGA 65928		38,229
Tennessee Department of Mental Health & Substance Abuse Services	Criminal Justice Enhancement State	N/A	DGA 65838		95,093
Tennessee Department of Mental Health & Substance Abuse Services	Criminal Justice Enhancement Federal	N/A	DGA 64279		89,985
Tennessee Department of Mental Health & Substance Abuse Services	Addictions Recovery Program	N/A	DGA 65805		24,978
Tennessee Department of Mental Health & Substance Abuse Services	Adult Continuum of Care Block Grant	N/A	DGA 65804		823,521
TOTAL STATE FINANCIAL ASSISTANCE					\$ 1,148,296
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE					\$ 1,544,140

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarized the expenditures of Samaritan Recovery Community, Inc. under programs of the federal and state governments for the year ended June 30, 2021. The schedule is presented using the accrual basis of accounting.

**SAMARITAN RECOVERY COMMUNITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Pass-Through Grantor	Program/Cluster Name	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
<b>Federal Awards</b>					
<b>Pass-through Funding:</b>					
US Department of Health and Human Services through Tennessee Department of Mental Health & Substance Abuse Services	Buprenorphine State Targeted Response Opiod	93.788	DGA 57913		\$ 17,405
US Department of Health and Human Services through Tennessee Department of Mental Health & Substance Abuse Services	State Opiod Response - Spoke	93.788	DGA 64279		251,675
US Department of Health and Human Services through Tennessee Department of Mental Health & Substance Abuse Services	State Opiod Response - Spoke	93.788	DGA 62559		68,387
Total Program 93.788					\$ 337,467
TOTAL FEDERAL AWARDS					\$ 337,467
<b>State Financial Assistance</b>					
Tennessee Department of Mental Health & Substance Abuse Services	Alcohol and Drug Addiction Treatment	N/A	DGA 62141		34,985
Tennessee Department of Mental Health & Substance Abuse Services	Supervised Probation Offender Treatment	N/A	DGA 62142		91,457
Tennessee Department of Mental Health & Substance Abuse Services	TN Dept of Correction Community Treatment Collaborative	N/A	DGA 62144		61,587
Tennessee Department of Mental Health & Substance Abuse Services	Criminal Justice Enhancement - Federal	N/A	DGA 62141		68,069
Tennessee Department of Mental Health & Substance Abuse Services	Addictions Recovery Program	N/A	DGA 62133		24,985
Tennessee Department of Mental Health & Substance Abuse Services	Adult Continuum of Care Block Grant	N/A	DGA 62136		1,129,951
TOTAL STATE FINANCIAL ASSISTANCE					\$ 1,411,034
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE					\$ 1,748,501

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarized the expenditures of Samaritan Recovery Community, Inc. under programs of the federal and state governments for the year ended June 30, 2020. The schedule is presented using the accrual basis of accounting.



## **COMPLIANCE AND INTERNAL CONTROL**

**BELLENFANT**

CERTIFIED PUBLIC ACCOUNTANTS &amp; ADVISORS

Professional Accounting &amp; Consulting Services

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Samaritan Recovery Community, Inc.  
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Samaritan Recovery Community, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Samaritan Recovery Community, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Samaritan Recovery Community, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Samaritan Recovery Community, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Samaritan Recovery Community, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bellenfant, PLLC*

Nashville, Tennessee  
September 21, 2021

**SAMARITAN RECOVERY COMMUNITY, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2021**

**PART I - SUMMARY OF AUDITOR'S RESULTS**

1. Type of auditor's report issued: Unqualified
2. Internal control over financial reporting:
- Material weaknesses identified? \_\_\_\_\_ Yes \_\_\_\_\_ X No
- Significant deficiencies identified not  
considered to be material weaknesses? \_\_\_\_\_ Yes \_\_\_\_\_ X None reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_\_\_ X No

**PART II – FINDINGS AND QUESTIONED COST REPORTED IN ACCORDANCE WITH  
GENERALLY ACCEPTED GOVERNMENT AUDITING PROCEDURES**

1. There were no findings reported in accordance with generally accepted government auditing standards.

**SAMARITAN RECOVERY COMMUNITY, INC.**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

There were no audit findings for the year ended June 30, 2020.