

**SAMARITAN HOUSE**  
**FINANCIAL STATEMENTS**  
**June 30, 2016**

**SAMARITAN HOUSE  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Samaritan House  
San Mateo, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Samaritan House, a California non-profit public benefit corporation, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 the 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 House as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited Samaritan House's financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 17, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Supplementary and Other Information*

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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards 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 a report dated November 14, 2016, on our consideration of Samaritan House'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 the 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 House's internal control over financial reporting and compliance.

*Vorke Kristofferson and Co.*

San Mateo, California  
November 14, 2016

**SAMARITAN HOUSE**  
**STATEMENT OF FINANCIAL POSITION**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for June 30, 2015)**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents (Note 2)	\$ 1,632,623	\$ 295,775	\$ 1,928,398	\$ 1,222,408
Investments (Note 2 and 4)	2,931,130	-	2,931,130	3,188,451
Funds held in trust (Note 5)	232,257	-	232,257	250,715
Client accounts - Safe Harbor Shelter (Note 5)	49,803	-	49,803	31,040
Bequests receivable	663,185	-	663,185	10,000
Grants receivable	447,179	361,050	808,229	613,570
Prepaid expenses	160,455	-	160,455	117,263
Total Current Assets	6,116,632	656,825	6,773,457	5,433,447
<b>Property and Equipment (Note 2):</b>				
Land	1,882,459	-	1,882,459	1,882,459
Buildings and improvements	7,576,124	-	7,576,124	7,288,527
Furniture and equipment	461,494	-	461,494	453,300
Computer hardware and software	309,284	-	309,284	271,954
Vehicles	71,805	-	71,805	71,805
Total Property and Equipment	10,301,166	-	10,301,166	9,968,045
Less accumulated depreciation and amortization	(2,453,687)	-	(2,453,687)	(2,214,146)
Total Property and Equipment, Net	7,847,479	-	7,847,479	7,753,899
<b>Other Assets:</b>				
Grants receivable - long term	-	200,000	200,000	
Bequests receivable - long term	23,390	-	23,390	22,200
Security deposits	20,000	-	20,000	20,000
Total Other Assets	43,390	200,000	243,390	42,200
Total Assets	\$ 14,007,501	\$ 856,825	\$ 14,864,326	\$ 13,229,546

See accompanying notes to financial statements.

**SAMARITAN HOUSE**  
**STATEMENT OF FINANCIAL POSITION (Continued)**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for June 30, 2015)**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 138,636	\$ -	\$ 138,636	\$ 143,247
Accrued payroll and paid time off	408,629	-	408,629	324,760
Deferred Revenue	9,711	-	9,711	-
Current portion of notes payable (Note 6)	31,966	-	31,966	31,023
Client accounts - Safe Harbor (Note 5)	49,803	-	49,803	31,040
Funds held in trust (Note 5)	232,257	-	232,257	250,715
Other Current Liabilities	7,427	-	7,427	-
Total Current Liabilities	878,429	-	878,429	780,785
<b>Long-Term Liabilities:</b>				
Accrued interest payable	91,996	-	91,996	83,631
Note payable (Note 6)	513,495	-	513,495	545,461
Total Long-Term Liabilities	605,491	-	605,491	629,092
Total Liabilities	1,483,920	-	1,483,920	1,409,877
<b>Net Assets:</b>				
Unrestricted:				
Undesignated	9,569,181	-	9,569,181	8,437,091
Board designated reserves (Note 9)	2,954,400	-	2,954,400	2,985,000
Total Unrestricted	12,523,581	-	12,523,581	11,422,091
Temporarily Restricted (Note 8)	-	856,825	856,825	397,578
Total Net Assets	12,523,581	856,825	13,380,406	11,819,669
Total Liabilities and Net Assets	\$ 14,007,501	\$ 856,825	\$ 14,864,326	\$ 13,229,546

See accompanying notes to financial statements.

**SAMARITAN HOUSE**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for the Year Ended June 30, 2015)**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
<b>Support and Revenue (Note 2):</b>				
Support:				
Individual and organizational contributions	\$ 846,235	\$ 94,523	\$ 940,758	\$ 1,035,503
Bequests	900,330	-	900,330	502,585
Government grants	2,682,157	-	2,682,157	2,351,937
Healthcare district grants	-	990,233	990,233	882,696
Foundation grants	550,312	1,242,773	1,793,085	1,321,233
Business and corporation contributions	369,620	326,000	695,620	195,766
Special event revenue	326,578	-	326,578	224,731
Special event direct expenses	(91,246)	-	(91,246)	(62,289)
Donated facilities (Note 7)	200,141	-	200,141	150,480
Donated services (Note 7)	1,247,905	-	1,247,905	1,138,889
Donated food, clothing, equipment, bus passes, and medication (Note 7)	3,176,818	-	3,176,818	2,758,218
Net assets released from restrictions (Note 8)	2,194,282	(2,194,282)	-	-
Total Support	<u>12,403,132</u>	<u>459,247</u>	<u>12,862,379</u>	<u>10,499,749</u>
Revenue:				
Contracted meals	38,949	-	38,949	34,152
Rental income	157,622	-	157,622	97,095
Net investment loss (Note 4)	(3,726)	-	(3,726)	3,477
Miscellaneous income	76,907	-	76,907	54,363
Total Revenue	<u>269,752</u>	<u>-</u>	<u>269,752</u>	<u>189,087</u>
Total Support and Revenue	<u>12,672,884</u>	<u>459,247</u>	<u>13,132,131</u>	<u>10,688,836</u>
<b>Expenses (Note 3):</b>				
Program Services:				
Client Services	687,119	-	687,119	788,524
Food Services	3,021,192	-	3,021,192	3,001,978
Kids Closet	158,024	-	158,024	128,934
Homelessness Prevention	999,817	-	999,817	887,918
Safe Harbor Shelter	1,491,053	-	1,491,053	1,489,179
Holiday Assistance	121,832	-	121,832	94,915
Medical and Dental Clinics	3,433,199	-	3,433,199	2,753,248
Worker Resource Center	267,885	-	267,885	209,811
Total Program Services	<u>10,180,121</u>	<u>-</u>	<u>10,180,121</u>	<u>9,354,507</u>
Supporting Services				
Management and general	686,839	-	686,839	599,811
Fundraising	704,434	-	704,434	733,637
Total Supporting Services	<u>1,391,273</u>	<u>-</u>	<u>1,391,273</u>	<u>1,333,448</u>
Total Expenses	<u>11,571,394</u>	<u>-</u>	<u>11,571,394</u>	<u>10,687,955</u>
<b>Change in Net Assets, carried forward to page 6</b>	<u>1,101,490</u>	<u>459,247</u>	<u>1,560,737</u>	<u>881</u>

See accompanying notes to financial statements.

**SAMARITAN HOUSE**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (Continued)**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for the Year Ended June 30, 2015)**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
<b>Change in Net Assets, carried forward from page 5</b>	\$ 1,101,490	\$ 459,247	\$ 1,560,737	\$ 881
<b>Net Assets:</b>				
Beginning of Year	11,422,091	397,578	11,819,669	11,818,788
End of Year	\$ 12,523,581	\$ 856,825	\$ 13,380,406	\$ 11,819,669

See accompanying notes to financial statements.



**SAMARITAN HOUSE**  
**STATEMENT OF CASH FLOWS**  
**For The Year Ended June 30, 2016**  
**(With Comparative Totals for the Year Ended June 30, 2015)**

	2016	2015
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 1,560,737	\$ 881
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	239,541	237,516
Donated fixed assets	(37,330)	(27,156)
Net realized and unrealized loss on investments	62,780	79,966
Decrease in promises to give	-	2,500
Decrease (Increase) in bequests receivable	(654,375)	100,000
Decrease (Increase) in grants receivable	(394,659)	28,379
Increase in prepaid expenses	(43,192)	(734)
Increase (Decrease) in accounts payable	(4,611)	47,919
Increase in accrued payroll and paid time off	83,869	59,986
Increase in deferred revenue	9,711	-
Increase in other current liabilities	7,427	-
Increase in accrued interest payable	8,365	8,364
Net Cash Provided by Operating Activities	838,263	537,621
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sale of investments other than money market funds	2,647,989	786,629
Purchases of investments other than money market funds	(2,498,911)	(887,762)
Proceeds from money market fund transactions	45,463	22,785
Purchases of property and equipment	(295,791)	(45,231)
Net Cash Used in Investing Activities	(101,250)	(123,579)
<b>Cash Flows From Financing Activities:</b>		
Payments of principal on notes payable	(31,023)	(30,107)
Net Cash Used in Financing Activities	(31,023)	(30,107)
Net Increase in Cash and Cash Equivalents	705,990	383,935
<b>Cash and Cash Equivalents:</b>		
Beginning of year	1,222,408	838,473
End of year	\$ 1,928,398	\$ 1,222,408
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	\$ 8,738	\$ 9,733
<b>Non-Cash Investing Activities:</b>		
Capitalized donated fixed asset	\$ 37,330	\$ 27,156

See accompanying notes to financial statements.

**SAMARITAN HOUSE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for June 30, 2015)**

2016

	Kids Closet	Food Services	Client Services	Holiday Assistance	Homelessness Prevention Assistance	Safe Harbor Shelter	Medical and Dental Clinics	Worker Resource Center	Total Program Services
Employee compensation and related payroll taxes	\$ 9,481	\$ 317,595	\$ 458,548	\$ 55,251	\$ 236,468	\$ 834,041	\$ 980,966	\$ 174,925	\$ 3,067,275
Employee benefits	1,094	59,976	57,700	7,441	17,747	167,897	144,466	29,389	485,710
Temporary staffing	-	-	-	-	-	-	1,247,905	-	1,247,905
Donated services	-	-	-	-	-	-	-	-	200,141
Donated facilities	-	-	-	-	-	163,661	-	36,480	5,630
Employee training	-	139	2,746	-	-	1,710	1,035	-	28,643
Equipment rental	71	1,005	9,193	3,444	507	3,951	10,156	316	55,257
Client food, clothing, education and shelter	1,065	13,906	176	10,150	-	28,074	288	1,598	738,380
Client housing and emergency assistance	-	-	-	-	738,380	-	-	-	-
Client assistance of in-kind food, bus passes, medication and clothing	101,527	2,464,400	-	-	-	98,700	474,860	-	3,139,487
Insurance and taxes	3,674	12,874	6,919	185	-	9,409	40,976	938	74,975
Interest	-	-	200	-	-	410	15,138	-	15,748
Medical clinic supplies	-	-	-	-	-	-	183,393	-	183,393
Outreach and marketing	-	81	271	11	-	578	813	30	1,784
Outside Services	211	7,496	33,703	2,278	51	67,912	54,829	4,036	170,516
Postage	14	159	548	82	118	120	733	18	1,792
Printing and mailing services	13	21	30	-	335	2	447	-	848
Professional fees	-	(306)	-	-	2,100	289	513	17	2,613
Supplies	1,343	19,461	4,499	35,207	717	22,394	11,964	5,434	101,019
Rent (Note 11)	-	14,172	1,929	4,325	-	4,995	107,779	186	133,386
Repairs and maintenance	5,151	18,752	14,639	(168)	552	23,013	47,116	805	109,860
Travel and transportation	1,074	6,238	5,936	2,224	534	13,297	4,001	3,490	36,794
Utilities and telephone	7,600	46,356	26,977	1,128	2,308	30,455	55,744	5,194	175,762
Total expenses before depreciation and amortization	132,318	2,982,325	624,014	121,558	999,817	1,470,908	3,383,122	262,856	9,976,918
Depreciation and amortization	25,706	38,867	63,105	274	-	20,145	50,077	5,029	203,203
Total Expenses	\$ 158,024	\$ 3,021,192	\$ 687,119	\$ 121,832	\$ 999,817	\$ 1,491,053	\$ 3,433,199	\$ 267,885	\$ 10,180,121

See accompanying notes to financial statements

**SAMARITAN HOUSE**  
**STATEMENT OF FUNCTIONAL EXPENSES (Continued)**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for June 30, 2015)**

	2016			2015		
	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Employee compensation and related payroll taxes	\$ 3,067,275	\$ 408,739	\$ 480,178	\$ 888,917	\$ 3,956,192	\$ 3,755,107
Employee benefits	485,710	23,970	48,721	72,691	558,401	542,498
Temporary staffing	-	-	-	-	-	4,000
Donated services	1,247,905	-	-	-	1,247,905	1,138,889
Donated facilities	200,141	-	-	-	200,141	150,480
Employee training	5,630	3,746	5,138	8,884	14,514	4,885
Equipment rental	28,643	9,193	3,890	13,083	41,726	40,091
Client food, clothing, education and shelter	55,257	105	176	281	55,538	29,237
Client housing and emergency assistance	738,380	-	-	-	738,380	627,175
Client assistance of in-kind food, bus passes, medication and clothing	3,139,487	-	-	-	3,139,487	2,731,062
Insurance and taxes	74,975	12,372	2,219	14,591	89,566	81,780
Interest	15,748	1,354	-	1,354	17,102	18,097
Medical clinic supplies	183,393	-	-	-	183,393	128,300
Outreach and marketing	1,784	17,673	2,073	19,746	21,530	40,778
Outside services	170,516	113,101	43,978	157,079	327,595	392,288
Postage	1,792	1,532	20,201	21,733	23,525	11,161
Printing and mailing services	848	690	49,105	49,795	50,643	20,445
Professional fees	2,613	24,701	324	25,025	27,638	105,642
Supplies	101,019	19,111	4,595	23,706	124,725	128,004
Rent (Note 11)	133,386	82	69	151	133,537	117,187
Repairs and maintenance	109,860	2,592	16,051	18,643	128,503	156,020
Travel and transportation	36,794	8,316	3,948	12,264	49,058	45,952
Utilities and telephone	175,762	16,708	10,284	26,992	202,754	181,361
Total expenses before depreciation and amortization	9,976,918	663,985	690,950	1,354,935	11,331,853	10,450,439
Depreciation and amortization	203,203	22,854	13,484	36,338	239,541	237,516
Total Expenses	\$ 10,180,121	\$ 686,839	\$ 704,434	\$ 1,391,273	\$ 11,571,394	\$ 10,687,955

See accompanying notes to financial statements

**SAMARITAN HOUSE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF ACTIVITIES**

Samaritan House (the Organization) is a nonprofit public benefit corporation organized under the laws of the State of California to provide a comprehensive approach to meet the needs of the people in San Mateo County. These needs may include culturally specific case management, shelter, housing assistance, homelessness prevention services (i.e. rental assistance), health care, bilingual assistance, transportation, education, clothing, household, food and emergency needs.

The Organization raises the funds necessary to provide program services to the community from individuals, organizations, foundations, government entities, local businesses, religious organizations, and through fundraising events. Samaritan House engages more than 2,000 volunteers annually to assist in providing these fundraising services.

The Organization is acting as the lead agency with multiple grants in collaboration with seven other non-profit service providers in unduplicated areas of San Mateo County who also provide safety net services. The Organization is also the fiscal sponsor with the San Francisco Chronicle's Season of Sharing emergency assistance funds for San Mateo County.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation and Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization classifies its net assets and changes in net assets as follows:

Unrestricted net assets:

that portion of net assets that is neither time nor purpose restricted by donors;

Temporarily restricted net assets:

that portion of net assets whose use is limited by donor-imposed stipulations that can be fulfilled and removed by actions of the Organization or by the passage of time;

Permanently restricted net assets:

that portion of net assets that have been restricted in perpetuity. The Organization does not have any permanently restricted net assets.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and money market funds held in the UBS investment accounts are excluded from cash equivalents. The Organization maintains cash on deposits at banks in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The uninsured cash balance was approximately \$1,601,591 as of June 30, 2016. The Organization has not experienced any losses in such accounts. Management believes that it is not exposed to any significant cash credit risk.

**SAMARITAN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Receivables**

Unconditional promises to give (pledges) are recognized as revenue when the promise is made. Pledges which are conditional are recognized as revenue when conditions are substantially met. Pledges expected to be collected within one year are recorded as revenue and a receivable at net realizable value. Pledges expected to be collected in future years are recorded as revenue and a receivable at the present value of the expected future cash flows. The long term grant receivable of \$200,000 is expected to be received in two years.

Receivables are stated at the amount management expects to collect from balances outstanding. Management closely monitors outstanding balances throughout the year, and writes off to expense all balances that are considered uncollectible.

**Investments**

All mutual funds and exchange traded funds (ETFs) are carried at fair value based upon closing market prices. Certificates of deposit are valued at estimated fair value using prevailing interest rates. Unrealized gains and losses are recorded in the statement of activities in the period in which they occur. Interest and dividend income are accrued when earned.

**Property and Equipment**

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate value at the date of donation. Depreciation is computed on the straight-line method over a period of five years for vehicles, five to fifteen years for furniture and equipment, five years for computer equipment, three years for computer software and thirty-nine to forty years for buildings.

**Donated Property and Equipment**

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets 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 restricted contributions. 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 temporarily restricted net assets to unrestricted net assets on the placed in service date and the reclassifications are reported on the Statement of Activities as net assets released from restrictions.

**Functional Allocation of Expenses**

Expenses are allocated directly to program activities if they can be specifically identified with a program. If not specifically identifiable, expenses are allocated to programs based on estimated usage by each program. These allocation ratios are reviewed periodically by management.

**SAMARITAN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition**

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted revenue, which increases those net asset classes. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restrictions. Temporarily restricted contributions are recorded as temporarily restricted revenue and release from restriction when the restriction is met in the same year the contribution is received.

Bequests

Bequests are recorded as revenue when the Organization receives notification that the court declares the will is valid and an estimate is determinable.

Donated Services, Materials and Facilities

Donations of services, materials and facilities are recorded as contributions measured at estimated fair market value when received. The fair value of contributed services, facilities, and supplies has been measured on a nonrecurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

Grant Revenue

Grant revenue on cost-reimbursement grants or contracts is recognized when the Organization requests reimbursement from granting agencies after the program expenditures have been incurred. Such grant programs are subject to independent audit under the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and review by grantor agencies. Such review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds.

Based on prior experience, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

Concentration of Revenue Sources

During the year ended June 30, 2016, Samaritan House received support, other than donated facilities, services, and materials, in the amount of \$1,908,085 (17%) from San Mateo County (including pass through federal funds of \$829,700).

**Income Tax Status**

The organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code and from state income tax under Section 23701(d) of California Revenue and Taxation Code. Accordingly, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting.

**SAMARITAN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 these estimates.

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**NOTE 3 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES**

**Samaritan House Programs**

The following programs of the Organization are to provide for the needs of low-income neighbors in San Mateo County.

Client Services

The client services program includes: case management, counseling, housing assistance, financial asset building and coaching, and referrals to resources, all of which assist clients to move towards self-sufficiency through an individual service plan.

Homelessness Prevention Assistance

The Organization receives and distributes emergency assistance funds for housing and critical family needs. Sources of funding are through the Community Service Block Grant (CSBG), local County Measure A funds, Emergency Solutions Grant (ESG) and the San Francisco Chronicle's Season of Sharing fund for the homelessness prevention services. Samaritan House acts as the lead agency in collaboration with seven other non-profit service providers covering unduplicated service areas in San Mateo County to distribute funds on behalf of clients throughout San Mateo County.

Food Services

Food Services program prepares and serves hot meals for its community dining room, mobile meals, kids' summer lunch and snacks program, senior centers, homeless shelter, and other community centers. The Food Pantry program distributes bags of groceries and food items in the bread pantry daily. Food distributions in collaboration with the Second Harvest Food Bank provide fresh produce and additional food items during the year with the Produce Mobile and Family Harvest distributions at various sites in San Mateo County.

**SAMARITAN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES (Continued)**

Kids Closet and Holiday Assistance

Kids Closet program provides quality new and used children's clothing to client families. The Holiday Assistance program provides low-income families with food and toys during the Thanksgiving and Christmas holidays.

Safe Harbor Shelter

The Safe Harbor Shelter program provides emergency and transitional shelter and supportive services for up to ninety men and women each night. Services include meals, bathing facilities, life management skills training, health education, access to healthcare, budgeting education, on-site case management, substance abuse support meetings, housing assistance and other supportive services. Residents work with their case manager to develop a case plan to work towards self-sufficiency and permanent housing.

Medical and Dental Clinics

The San Mateo and Redwood City Free Clinics provide primary and specialty medical care to low-income residents of San Mateo County. Specialty services offered at one or both of the Free Clinics includes dentistry, gynecology, breast cancer screenings, dermatology, diabetic care, endocrinology, neurology, orthopedics, ophthalmology, pediatrics, optometry, podiatry, pulmonology, rheumatology, nutritional counseling, psychology, and psychiatry. In addition to the 12 full-time employee positions, the two Free Clinics are staffed by over 146 volunteers who provided more than 9,500 volunteer hours during the fiscal year ended June 30, 2016.

Worker Resource Center

The Worker Resource Center (WRC), established in 2003, provides a location for temporary laborers and potential employers to meet. In addition, workers receive language training, referrals and other supportive services. The WRC is managed by the Organization and is funded by the City of San Mateo.

**Samaritan House Supporting Services**

Management and General

These expenses include non-program related expenses essential for operating the administrative functions of the Organization. These functions include accounting, governance, strategic planning, legal, and all fiscal responsibilities of the Organization.

Fundraising and Development

Provides the structure necessary to encourage and secure financial support from individuals, government and community agencies, foundations and corporations.



**SAMARITAN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 – FAIR VALUE MEASUREMENTS AND INVESTMENTS**

Fair Value Measurements

The Organization classifies its assets carried at fair value on a recurring basis according to the hierarchy of valuation techniques used to determine fair value. The fair value hierarchy prioritizes the inputs to valuation techniques into three broad levels:

Level 1 inputs – quoted market prices (unadjusted) in active markets for identical assets that the Organization has the ability to access at the measurement date

Level 2 inputs – quoted prices in active markets for similar assets; quoted prices for similar or identical assets in inactive markets; inputs other than quoted prices that are observable for the asset

Level 3 inputs – at least one significant model assumption or input is unobservable. Valuation methodologies and determination of the fair value requires significant management judgment or estimation.

Investments and Money Market Funds

The following schedule presents the balances of assets measured at fair value on a recurring basis as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money funds and deposits:			
Money market funds and cash	\$ 255,926	\$ -	\$ 255,926
Certificates of deposit	-	251,225	251,225
Fixed income mutual funds and ETFs:			
Domestic:			
Total return/broad market	396,908	-	396,908
Intermediate/long term	647,339	-	647,339
Short term corporate	45,313	-	45,313
Senior rate securities	180,751	-	180,751
Equity mutual funds and ETFs:			
Domestic:			
Broad market/large cap	801,465	-	801,465
Mid Cap	8,371	-	8,371
International	<u>343,832</u>	<u>-</u>	<u>343,832</u>
Total	<u>\$ 2,679,905</u>	<u>\$ 251,225</u>	<u>\$ 2,931,130</u>

**SAMARITAN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)**

The Organization has an investment policy in place. The Investment Committee of the Board reviews performance quarterly and ensures adherence to the investment policy. As of June 30, 2016 the Organization’s investments are in compliance with its investment policy.

The following schedule summarizes the net investment income classified as unrestricted income in the Statement of Activities for the year ended June 30, 2016:

Interest and dividends	\$ 81,523
Realized losses	(29,841)
Net unrealized losses	(32,939)
Less: Investment expenses	<u>(22,469)</u>
Total net investment income	<u>\$ (3,726)</u>

**NOTE 5 - CASH HELD IN TRUST/AMOUNTS HELD FOR OTHERS**

The Organization acts as a fiscal agent on behalf of the San Francisco Chronicle's Season of Sharing Fund to a specific group of San Mateo County Community nonprofit organizations. The Organization has agreed to receive and remit grant assistance to eligible individuals. All grants must be submitted by the participating agency and are for a one-time, non-recurring need. Grants are typically used for housing assistance and critical family needs as defined by the funder. Maximum grant amount per household is \$3,000. During the fiscal year ending June 30, 2016, the Organization received \$617,472 and expended a total of \$635,937. Since the Organization is acting as a fiscal agent, these amounts are not recorded as revenue and expenses of the Organization.

The Organization encourages residents at Safe Harbor Shelter to save money for transitioning back into the community. The Organization deposits and tracks account balances for individual residents. Funds are disbursed to clients as they exit the shelter or as approved by their case manager.

Amounts held as of June 30, 2016 for the above programs are as follows:

San Francisco Chronicle’s Season of Sharing Fund	\$ 232,257
Safe Harbor Shelter	<u>49,803</u>
Total	<u>\$ 282,060</u>

**SAMARITAN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - NOTES PAYABLE**

Notes payable as of June 30, 2016 consist of the following: Amount

Note payable to the California Health Facilities Financing Authority (CHFFA) payable in monthly installments of \$3,294 consisting of principal plus interest at a fixed rate of 3% through February 2024. The fifteen year note is secured by a deed of trust on the medical office building in San Mateo. \$ 266,653

Note payable to the County of San Mateo for a facility rehabilitation project. The terms of the note are 3% interest for 10 years maturing on June 30, 2023. Payments are deferred for the entire term. Both principal and interest will be forgiven on the maturity date of June 30, 2023 unless the properties assisted with this loan are sold, conveyed or alienated by Samaritan House or in the case of a violation of the agreement. This note payable includes federal funding of \$97,469. 100,000

Note payable to the County of San Mateo accrues interest at 3% per annum, non-compounding. Both principal and accrued interest are payable upon maturity in January 2031, unless the property is sold or refinanced without the consent of the County of San Mateo. The note is secured by a deed of trust on the medical office building in San Mateo. The terms of the note restricts the use of 10.3% of the total building area to the use of free/low cost clinic services. This deed of trust is subordinated to the CHFFA deed of trust. 178,808

Less current portion 545,461  
 Long-term portion (31,966)

\$ 513,495

Future principal maturities of notes payable are as follows:

<u>Years Ending June 30:</u>	<u>Amount</u>
2017	\$ 31,966
2018	32,939
2019	33,941
2020	34,973
2021	36,037
Thereafter	<u>375,605</u>
Total	<u>\$ 545,461</u>

**SAMARITAN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 7 - DONATED FACILITIES, SERVICES, AND MATERIALS**

Donated services are reported at fair value in the financial statements when those services create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services of \$1,247,905 were recorded for the year ended June 30, 2016. These donated services included volunteer medical services, in-kind lab tests, in-kind legal services and an in-kind grant for marketing services. The Organization has controls in place and has maintained sufficient records of donated services to be able to record such services in the financial statements for that period.

In addition to the services above, Samaritan House received more than 37,000 hours of donated services that do not meet the criteria for recording contributed services but are nonetheless central to the organizations operations. The value of these services is not reflected in the financial statements.

For the year ended June 30, 2016, gifts-in-kind of food, bus passes, equipment, medication and clothing totaling \$3,176,817 have been recorded in the financial statements. Second Harvest Food Bank was the single largest in-kind contributor of food during the fiscal year with food contributions valued at \$1,619,089.

During the year ended June 30, 2016, total donated facilities of \$200,141 have been recognized in the financial statements for the sites provided by the City of San Mateo and the County of San Mateo for the Worker Resource Center and the Safe Harbor Shelter programs.

**SAMARITAN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS**

As of June 30, 2016, temporarily restricted net assets are available for the following purposes:

<u>Purpose:</u>	<u>Amount</u>
Food Services	\$ 1,115
Client Services	400
Kids Closet	3,285
Homelessness Prevention	2,025
San Mateo Free Medical Clinic	15,000
Redwood City Free Medical Clinic	<u>35,000</u>
	<u>56,825</u>
 <u>Timing:</u>	
General Operating	<u>600,000</u>
 <u>Purpose and Timing:</u>	
San Mateo Free Medical Clinic	<u>200,000</u>
 Total	 <u>\$ 856,825</u>

During the year ended June 30, 2016, net assets were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by donors as follows:

<u>Purpose restriction accomplished:</u>	<u>Amount</u>
Client Services	\$ 216,088
Kids Closet	14,846
Food services	89,794
Holiday program	29,394
Homelessness Prevention	200
Safe Harbor Shelter	55,365
San Mateo Free Medical Clinic	806,532
San Mateo Free Dental Clinic	25,506
Redwood City Free Medical Clinic	885,285
Redwood City Free Dental Clinic	70,800
Worker Resource Center	<u>472</u>
 Total restrictions released	 <u>\$ 2,194,282</u>

**SAMARITAN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 - BOARD DESIGNATED RESERVES**

The Board Designated Reserves include funds designated by the Samaritan House Board of Directors to address agency emergency, cash and capital needs. The reserves are set-aside in categories as follow:

<u>Category</u>	<u>Purpose</u>	<u>Amount</u>
Emergency Fund	Intended to be used for unexpected expenses or unexpected revenue shortfalls	\$ 2,237,000
Operating Reserves	Intended for cash flow purposes only to bridge grant and government payments	325,000
Facility Reserve	To address capital repairs and replacement needs	<u>392,400</u>
	Total amount of reserves on June 30, 2016	<u>\$ 2,954,400</u>

**NOTE 10 - DONOR FUND**

In 1994, the Silicon Valley Community Foundation received a bequest to be used for the benefit of the Organization. These funds are being held by the Foundation and are used “to benefit Samaritan House” as it was specified by the donor. The balance of the funds as of June 30, 2016 is \$72,489 and is not included in the financial statements of Samaritan House as per policies of the Foundation. The amount of these funds that can be made available to the Organization as of June 30, 2016 is \$47,489.

**NOTE 11 - OPERATING LEASE OBLIGATION**

Samaritan House leases 3,289 square feet of office space for the Redwood City Medical Clinic under a five-year lease through April 2017. Monthly rent payments under this lease are currently \$8,715 and are subject to annual increases on May 1 of each year thereafter. The future minimum lease payments under the lease for the year ending June 30, 2017 and in total are \$91,510.

**NOTE 12 – RETIREMENT PLAN**

Samaritan House has a 403(b) retirement plan. The plan covers all employees meeting certain eligibility requirements. Employees voluntarily make contributions to the Plan based upon limits established under the Internal Revenue Code. The Organization may make nonelective contributions as defined by the plan. The Organization did not make any nonelective contributions for the year ended June 30, 2016.

**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 14, 2016, the date which the financial statements were available to be issued, and determined no reportable events occurred.

**SUPPLEMENTARY INFORMATION**

**SAMARITAN HOUSE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2016**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number (CFDA)</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Community Development Block Grant for transitional housing and support services:		
Pass-through from County of San Mateo	14.218	\$ 134,155
Pass-through from City of Redwood City	14.218	25,000
Pass-through from City of San Mateo	14.218	14,500
Loans made in prior fiscal year with continuing compliance –		
Pass-through from County of San Mateo	14.218	276,277
Community Development and Affordable Housing Grant:		
Pass-through from County of San Mateo	14.252	228,016
Supportive Housing Demonstration Programs Federal		
Emergency Shelter Grants for transitional housing:	14.235	100,020
Pass-through from State of California	14.231	141,422
<u>U.S. Department of Health and Human Services</u>		
Community Service Block Grant:		
Pass-through from County of San Mateo	93.569	407,943
Consolidated Health Centers		
Pass-through from County of San Mateo	93.224	<u>59,586</u>
<b>Total Federal Awards</b>		<b><u>\$ 1,386,919</u></b>

See accompanying notes to the schedule of expenditures of federal awards.



**SAMARITAN HOUSE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2016**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of Federal awards (the Schedule) includes the federal award activity of Samaritan House, under programs of the federal government for the year ended June 30, 2016 in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Samaritan House, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Samaritan House.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations* and the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Samaritan House has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

**NOTE 3 – FEDERAL LOAN PROGRAMS**

The federal loan programs listed subsequently are administered directly by Samaritan House and balances and transactions relating to the programs are included in Samaritan House's basic financial statements. Loans outstanding at the beginning of the year are included in the federal expenditures presented in the Schedule. There were no federal loans made during the year. The balance of loans outstanding as of June 30, 2016 consist of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balances At June 30, 2016</u>
14.218	U.S. Department of Housing and Urban Development	\$ 276,277



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*Certified Public Accountants*

**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***

To the Board of Directors of  
Samaritan House  
San Mateo, California

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 House (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Samaritan House'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 House's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 House'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 on 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.

*Vaiken Kristofferson and Co.*

San Mateo, California

November 14, 2016



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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

To the Board of Directors of  
Samaritan House  
San Mateo, California

### **Report on Compliance for Each Major Federal Program**

We have audited Samaritan House's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Samaritan House's major federal programs for the year ended June 30, 2016. Samaritan House's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Samaritan House's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Samaritan House's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Samaritan House's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, Samaritan House complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## Report on Internal Control over Compliance

Management of Samaritan House is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Samaritan House's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Samaritan House's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Vacka Knustofferson and Co.*

November 14, 2016  
San Mateo, California

**SAMARITAN HOUSE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	___ yes	_X_ no
Significant deficiencies identified not considered to be material weaknesses?	___ yes	_X_ None reported
Noncompliance material to financial statements noted?	___ yes	_X_ no

Federal Awards

Internal Control over major programs:		
Material weaknesses identified?	___ yes	_X_ no
Significant deficiencies identified not considered to be material weaknesses?	___ yes	_X_ None reported

Type of auditor's report issued on compliance for major programs:	Unmodified
---	------------

Any audit findings disclosed that required to be reported in accordance with 2 CFR section 200.516(a) of Uniform Guidance?	___ yes	_X_ no
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Identification of major programs tested:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant for transitional housing and support services

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	_X_ yes	___ no
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**Section II - Financial Statement Findings**

No matters were reported.

**Section III: Federal Award Findings and Questioned Costs**

No matters were reported.