

## Contents

	Page
Independent Accountants' Review Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6



[www.baldwincpas.com](http://www.baldwincpas.com)

## **Independent Accountants' Review Report**

Board of Directors  
Kilgore Samaritan Counseling Center, Inc.

We have reviewed the accompanying financial statements of Kilgore Samaritan Counseling Center, Inc. (a not-for-profit organization) which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

***Baldwin CPAs, PLLC***

Louisville, Kentucky  
September 3, 2020

**Kilgore Samaritan Counseling Center, Inc.**  
**Statements of Financial Position**  
**December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash	\$ 78,181	\$ 98,058
Accounts receivable, net	44,992	49,848
Investments	63,468	86,497
Land, buildings, and equipment, net	<u>289,224</u>	<u>290,208</u>
<b>Total Assets</b>	<u><u>\$ 475,865</u></u>	<u><u>\$ 524,611</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	<u>\$ 10,057</u>	<u>\$ 2,782</u>
<b>Total Liabilities</b>	<u>10,057</u>	<u>2,782</u>
<b>Net Assets</b>		
Without donor restrictions		
Unrestricted	176,584	231,621
Invested in land, buildings, and equipment	<u>289,224</u>	<u>290,208</u>
Total without donor restrictions	<u>465,808</u>	<u>521,829</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 475,865</u></u>	<u><u>\$ 524,611</u></u>

**Kilgore Samaritan Counseling Center, Inc.**  
**Statements of Activities**  
**For the Years Ended December 31, 2019 and 2018**

	2019		2018	
	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>				
Program income	\$ 426,810	\$ 414,022	\$ -	\$ 414,022
Contributions and grants	138,007	177,827	-	177,827
Investment income	26,998	2,198	-	2,198
Special event income	61,735	117,864	-	117,864
Special event expense	(10,682)	(25,646)	-	(25,646)
<b>Total Revenue and Support</b>	<u>642,868</u>	<u>686,265</u>	<u>-</u>	<u>686,265</u>
<b>Expenses</b>				
Program services	478,772	484,505	-	484,505
Management and general	171,118	137,792	-	137,792
Fund raising	48,999	35,157	-	35,157
<b>Total Expenses</b>	<u>698,889</u>	<u>657,454</u>	<u>-</u>	<u>657,454</u>
<b>Change in Net Assets</b>	(56,021)	28,811	-	28,811
Net assets at beginning of year - as previously reported	521,829	371,383	121,635	493,018
Prior period adjustment (Note 8)	-	121,635	(121,635)	-
Net assets at beginning of year - as restated	<u>521,829</u>	<u>493,018</u>	<u>-</u>	<u>493,018</u>
<b>Net Assets at End of Year</b>	<u>\$ 465,808</u>	<u>\$ 521,829</u>	<u>\$ -</u>	<u>\$ 521,829</u>

See accompanying notes and independent accountants' review report.

**Kilgore Samaritan Counseling Center, Inc.**  
**Statements of Functional Expenses**  
**For the Years Ended December 31, 2019 and 2018**

	2019				2018			
	Total	Program	Management & General	Fund Raising	Total	Program	Management & General	Fund Raising
Salaries and wages	\$ 542,142	\$ 374,295	\$ 128,217	\$ 39,630	\$ 519,356	\$ 389,050	\$ 101,222	\$ 29,084
Payroll taxes and benefits	59,214	40,881	14,004	4,329	54,568	40,877	10,635	3,056
Contract therapists	450	450	-	-	750	750	-	-
Professional fees	9,072	-	9,072	-	5,437	-	5,437	-
Office supplies	32,225	22,248	7,621	2,356	21,425	16,049	4,176	1,200
Printing and postage	1,438	993	340	105	1,179	883	230	66
Telephone	9,556	6,597	2,260	699	10,401	7,791	2,027	583
Insurance	8,435	5,824	1,995	616	5,167	3,871	1,007	289
Utilities	9,122	6,298	2,157	667	8,616	6,454	1,679	483
Repairs and maintenance	8,699	6,959	1,740	-	5,768	4,614	1,154	-
Conference, training, and dues	2,273	2,200	73	-	2,597	2,514	83	-
Miscellaneous	8,169	5,640	1,932	597	7,070	5,296	1,378	396
Bad debts	110	-	110	-	7,174	-	7,174	-
Depreciation	7,984	6,387	1,597	-	7,946	6,356	1,590	-
Special event direct expenses	10,682	-	-	10,682	25,646	-	-	25,646
Total expenses	709,571	478,772	171,118	59,681	683,100	484,505	137,792	60,803
Less: special event direct expenses	(10,682)	-	-	(10,682)	(25,646)	-	-	(25,646)
Total expenses on statement of activities	<u>\$ 698,889</u>	<u>\$ 478,772</u>	<u>\$ 171,118</u>	<u>\$ 48,999</u>	<u>\$ 657,454</u>	<u>\$ 484,505</u>	<u>\$ 137,792</u>	<u>\$ 35,157</u>
% of total expenses	<u>100.00%</u>	<u>68.50%</u>	<u>24.48%</u>	<u>7.02%</u>	<u>100.00%</u>	<u>73.69%</u>	<u>20.96%</u>	<u>5.35%</u>

See accompanying notes and independent accountants' review report.

**Kilgore Samaritan Counseling Center, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (56,021)	\$ 28,811
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:		
Depreciation	7,984	7,946
Unrealized and realized (gain) loss on investments	(24,290)	560
Bad debts	110	7,174
(Increase) decrease in operating assets:		
Accounts receivable	4,746	(18,256)
Increase in operating liabilities:		
Accounts payable	<u>7,275</u>	<u>2,615</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(60,196)</u>	<u>28,850</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of equipment	(7,000)	-
Proceeds from sale of investments	50,000	12,704
Purchase of investments	<u>(2,681)</u>	<u>(11,003)</u>
<b>Net Cash Provided by Investing Activities</b>	<u>40,319</u>	<u>1,701</u>
<b>Net Increase (Decrease) in Cash</b>	<u>(19,877)</u>	<u>30,551</u>
Cash at Beginning of Year	<u>98,058</u>	<u>67,507</u>
<b>Cash at End of Year</b>	<u><u>\$ 78,181</u></u>	<u><u>\$ 98,058</u></u>



**Kilgore Samaritan Counseling Center, Inc.  
Notes to Financial Statements  
December 31, 2019 and 2018**

**Note 1 - Summary of Significant Accounting Policies**

Organization

Kilgore Samaritan Counseling Center, Inc. (KSCC) is a not-for-profit organization formed for the purpose of providing pastoral counseling, psychotherapy, group therapy and psychiatric services to residents of Kentucky. KSCC is a non-denominational pastoral counseling center that provides individual, couple, marriage and family and group therapy for adults, children, and youth.

A significant portion of the KSCC's funding is received from program service fees. KSCC also receives donations from businesses, foundations and individuals.

Basis of Accounting

KSCC prepares its financial statements on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) with regards to financial statements of Not-for-Profit Organizations. Under this guidance, KSCC is required to report information regarding its consolidated financial position and activities according to two classes of net assets. A description of the net assets categories follows:

Net assets without donor restrictions: expendable funds that are not subject to donor-imposed stipulations, are designated for specific purposes by the Board of Directors, or invested in land, building and equipment.

Net assets with donor restrictions: stipulated by donors for specific operating purposes or are restricted by time. These include donor restrictions requiring that the corpus to be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash Policy

KSCC considers all cash in deposit accounts as cash for financial statement purposes. Cash held temporarily by a custodian for investment purposes is included in investments and is not considered to be cash equivalents.

**Kilgore Samaritan Counseling Center, Inc.  
Notes to Financial Statements - Continued  
December 31, 2019 and 2018**

**Note 1 - Summary of Significant Accounting Policies - Continued**

Accounts Receivable

Accounts receivable consists primarily of receivables from insurance and clients for revenues earned by KSCC. An allowance for uncollectible accounts is recorded to the extent it is probable that a portion or all of a particular account will not be collected. Receivables are considered impaired if payments are not received in ninety days. It is KSCC's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Charge-offs for the years ended December 31, 2019 and 2018 were \$110 and \$7,174, respectively.

Investments

The ASC establishes a framework for measuring fair value and expands disclosures required for fair value measurements. It also establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels. These levels, in order of lowest to highest priority, are described as follows:

Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in inactive markets; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the organization's own assumptions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Land, Building and Equipment

KSCC capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Donated property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Land, buildings, and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets.

Revenue Recognition

Program revenue for counseling services is recognized when the counseling services are performed.

Special events revenue is recognized when the event takes place.



**Kilgore Samaritan Counseling Center, Inc.**  
**Notes to Financial Statements - Continued**  
**December 31, 2019 and 2018**

**Note 1 - Summary of Significant Accounting Policies - Continued**

Revenue Recognition - Continued

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest, is received and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional promises to give, that is, those with a measurable performance or other barriers, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

In-kind Materials, Equipment, and Services

Contributions of tangible assets are recognized at their fair market value at date of donation. The amounts are reflected in the accompanying financial statements as unrestricted support and are offset by like amounts included in expenses.

KSCC recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets, or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. KSCC also receives services from a large number of volunteers who give significant amounts of their time to the KSCC's programs and fund-raising campaigns but which do not meet the criteria for financial statement recognition.

Expense Allocation

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, costs have been allocated among the program and supporting services benefited. Directly identifiable expenses are charged to program and supporting services. All other expenses are allocated on the basis of estimates of time and effort.

Income Tax Status

KSCC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, KSCC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of FASB ASC 740-10 would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statement of activities or accrued in the statement of financial position.

Reclassifications

Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

**Kilgore Samaritan Counseling Center, Inc.**  
**Notes to Financial Statements - Continued**  
**December 31, 2019 and 2018**

**Note 1 - Summary of Significant Accounting Policies - Continued**

Recently Issued Accounting Standards

For the year ended December 31, 2019, the Organization adopted the following Financial Accounting Standards Board's Accounting Standards Updates:

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. We have implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

**Note 2 - Concentration of Credit Risk**

Accounts receivable - Financial instruments that are exposed to credit risk consist of accounts receivable. Accounts receivable are principally with individuals living in Kentucky. Realization of these accounts is dependent on various individual economic conditions.

Investments - Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities, and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments and net assets.

**Note 3 - Accounts Receivable**

Accounts receivable consist primarily of fees due from counseling services. Accounts receivable at December 31, 2019 and 2018 consist of the following:

	2019	2018
Counseling and psychiatric services	\$ 51,992	\$ 56,848
Allowance for doubtful accounts	(7,000)	(7,000)
Accounts receivable, net of allowance	<u>\$ 44,992</u>	<u>\$ 49,848</u>



**Kilgore Samaritan Counseling Center, Inc.**  
**Notes to Financial Statements - Continued**  
**December 31, 2019 and 2018**

**Note 4 - Investments**

Investments as of December 31, 2019 and 2018 consist of cash and stocks that are stated at fair value based on quoted prices in active markets (all level 1 measurements) and are summarized as follows:

<u>December 31, 2019</u>	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Cash	\$ 1,965	\$ 1,965	\$ -
Common stocks	9,698	30,754	21,056
Preferred stocks	30,800	30,749	(51)
	<u>\$ 42,463</u>	<u>\$ 63,468</u>	<u>\$ 21,005</u>
<u>December 31, 2018</u>	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Cash	\$ 5,806	\$ 5,806	\$ -
Common stocks	24,971	56,839	31,868
Preferred stocks	30,800	23,852	(6,948)
	<u>\$ 61,577</u>	<u>\$ 86,497</u>	<u>\$ 24,920</u>

**Note 5 - Land, Buildings and Equipment**

At December 31, 2019 and 2018, the cost and accumulated depreciation of land, buildings and equipment were as follows:

	<u>2019</u>	<u>2018</u>
Land	\$ 85,278	\$ 85,278
Buildings and improvements	282,233	275,233
Furniture, fixtures, and equipment	26,854	26,854
Less: accumulated depreciation	<u>(105,141)</u>	<u>(97,157)</u>
Land, building and equipment, net	<u>\$ 289,224</u>	<u>\$ 290,208</u>

**Note 6 - Relationship with Second Presbyterian Church**

The Board of Directors of KSCC consists of 20 members. The percentage of board members that serve KSCC and are church members of Second Presbyterian Church of Louisville is between one-third and half of the 20 KSCC board members. Additionally, a member of Second Presbyterian Church's Mission Committee will appoint voting members to the KSCC Board. KSCC is a component of the benevolent ministry of Second Presbyterian Church, however, the church does not participate in the operation, management, direction, or control of the staff of KSCC, the daily affairs and operations of KSCC, or the establishment of accounting policies.

**Kilgore Samaritan Counseling Center, Inc.  
Notes to Financial Statements - Continued  
December 31, 2019 and 2018**

**Note 6 - Relationship with Second Presbyterian Church - Continued**

KSCC received a portion of its contributions from the Mission Fund of the Second Presbyterian Church, which is solely controlled and administered by the Mission Committee of the church, and the benevolent giving members of the church. Contributions from the church for 2019 and 2018 were \$10,500 and \$9,313, respectively.

The church has a fund known as the Kilgore Endowment Fund which is also controlled and administered by the Trustees of the Second Presbyterian Church. At the discretion of the Trustees, income from the Kilgore Endowment Fund is available to provide operating funds to KSCC. KSCC records the receipt of these funds as contributions in the statements of activities. Contributions from the fund were \$26,918 and \$25,776 for 2019 and 2018, respectively.

**Note 7 - Liquidity and Availability**

The following table reflects KSCC's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, not convertible to cash within one year, perpetual endowments, or funds donors set aside for a specific purpose.

	2019	2018
Financial assets		
Cash	\$ 78,181	\$ 98,058
Accounts receivable, net	44,992	49,848
Investments	63,468	86,497
	<u>          </u>	<u>          </u>
Total financial assets available for general expenditure within one year	<u>\$ 186,641</u>	<u>\$ 234,403</u>

In addition to financial assets available to meet general expenditures over the year, KSCC anticipates covering its general expenditures by: collecting sufficient program and other revenues, utilizing resources from current and prior year's gifts, and appropriating the investment return on its donor-restricted endowments, as needed.

**Note 8 - Prior Period Adjustment**

The accompanying financial statements have been restated to correct errors made in prior years. Management and the board of directors determined that there were never donor imposed restrictions on their net assets. As a result, the previous year's financial statements have been restated to reflect the following changes:

		January 1, 2018	
	As Previously Stated	Adjustment to Correct	Restated Balance
Cash	\$ 41,805	\$ 25,702	\$ 67,507
Restricted cash	25,702	(25,702)	-
Net assets without donor restrictions	371,383	121,635	493,018
Net assets with donor restrictions	121,635	(121,635)	-



**Kilgore Samaritan Counseling Center, Inc.  
Notes to Financial Statements - Continued  
December 31, 2019 and 2018**

**Note 9 - Subsequent Events**

Due to the global coronavirus (COVID-19) outbreak in 2020, there have been resulting effects in the general economy that could negatively impact KSCC's organization as the broader economic impact of the COVID-19) develops. The ultimate impact of these matters to KSCC and its financial condition are presently unknown. The effect of this subsequent event did not result in any changes to the accompanying financial statements as of and for the year ended December 31, 2020.

In April 2020, KSCC received a Paycheck Protection Program loan under the CARES Act of approximately \$111,310. This loan bears interest at approximately 1%, due in 60 months and is unsecured. Under the CARES Act, subject to limitations, as defined, these loans may be partially or fully forgiven, depending on specified payroll and other qualified costs for the 24 week period following receipt of loan proceeds.

Management has evaluated subsequent events for recognition or disclosure in the financial statements through September 3, 2020, which was the date at which the financial statements were available to be issued.