



Kilgore Samaritan Counseling Center, Inc.
Independent Accountants' Review Report
And Financial Statements
For the Years Ended
December 31, 2021 and 2020

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Kilgore Samaritan Counseling Center, Inc.

We have reviewed the accompanying financial statements of Kilgore Samaritan Counseling Center, Inc. (a nonprofit organizations), which comprise the statements of financial position as of December 31, 2021 and December 31, 2020, and the related statements of activities and cash flows 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 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 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. 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 conclusions.

Accountant's Conclusion

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

BHG CPAs & Advisors PLLC

Louisville, Kentucky
August 22, 2022

Kilgore Samaritan Counseling Center, Inc.
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash	\$ 227,906	202,066
Accounts receivable, net	52,787	54,160
Investments	85,928	75,797
Land, buildings and equipment, net	<u>272,531</u>	<u>280,873</u>
Total Assets	<u><u>\$ 639,152</u></u>	<u><u>\$ 612,896</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 8,135	\$ 1,861
Accrued payroll liabilities	300	\$ -
PPP loan payable	<u>0</u>	<u>111,310</u>
Total Liabilities	<u>8,435</u>	<u>113,171</u>
Net Assets		
Without donor restrictions		
Unrestricted	358,186	218,852
Invested in land, buildings and equipment	<u>272,531</u>	<u>280,873</u>
Total without donor restrictions	630,717	499,725
Total Liabilities and Net Assets	<u><u>\$ 639,152</u></u>	<u><u>\$ 612,896</u></u>

See accompanying notes and independent accountants' review report.

Kilgore Samaritan Counseling Center, Inc.
Statements of Activities
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>
Revenue and Support		
Program income	\$ 467,906	\$ 515,439
Contributions and grants	250,057	157,143
Investment income	10,160	12,355
Special event income	102,495	62,794
Special event expense	<u>(5,338)</u>	<u>(2,125)</u>
Total Revenue and Support	<u>825,280</u>	<u>745,606</u>
Expenses		
Program services	475,025	498,552
Management and general	196,256	190,497
Fundraising	<u>23,007</u>	<u>22,640</u>
Total Expenses	<u>694,288</u>	<u>711,689</u>
Change in Net Assets	130,992	33,917
Net assets at beginning of year	<u>499,725</u>	<u>465,808</u>
Net Assets at End of Year	<u><u>\$ 630,717</u></u>	<u><u>\$ 499,725</u></u>

See accompanying notes and independent accounts' review report.

Kilgore Samaritan Counseling Center, Inc.
Statements of Functional Expenses
December 31, 2021 and 2020

	2021			2020				
	Total	Program	Management & General	Fundraising	Total	Program	Management & General	Fundraising
Salaries and wages	\$ 541,501	\$ 360,521	\$ 163,043	\$ 17,937	\$ 548,162	\$ 375,347	\$ 154,921	\$ 17,894
Payroll taxes and benefits	61,825	52,551	8,037	1,237	59,685	50,732	7,759	1,194
Contract therapists	-	-	-	-	300	-	300	-
Professional fees	7,576	-	7,576	-	8,890	-	8,890	-
Office supplies	33,741	24,294	8,097	1,350	35,619	25,647	8,549	1,423
Printing and postage	2,378	1,593	666	119	1,992	1,334	558	100
Telephone	9,719	6,511	2,722	486	9,600	6,432	2,688	480
Insurance	6,300	4,347	1,449	504	9,286	6,500	2,136	650
Utilities	7,877	5,277	2,206	394	7,493	5,020	2,098	375
Repairs and maintenance	4,995	4,495	500	-	13,964	12,568	1,396	-
Conference, training and dues	1,123	1,123	-	-	3,587	3,432	155	-
Miscellaneous	8,911	5,971	1,960	980	4,760	3,189	1,047	524
Depreciation	8,342	8,342	-	-	8,351	8,351	-	-
Special event direct expenses	5,338	-	-	5,338	2,125	-	-	2,125
Total expenses	699,626	475,025	196,256	28,345	713,814	498,552	190,497	24,765
Less: special event direct expenses	(5,338)	-	-	(5,338)	(2,125)	-	-	(2,125)
Total expenses on statement of activities	\$ 694,288	\$ 475,025	\$ 196,256	\$ 23,007	\$ 711,689	\$ 498,552	\$ 190,497	\$ 22,640
% of total expenses	100.00%	68.42%	28.27%	3.31%	100.00%	70.05%	26.77%	3.18%

See accompanying notes and independent accountants' review report.

Kilgore Samaritan Counseling Center, Inc.
Statements of Cash Flows
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 130,992	\$ 33,917
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:		
Depreciation	8,342	8,351
Unrealized and realized gain on investments	(10,131)	(12,329)
(Increase) decrease in operating assets:		
Accounts receivable	1,373	(9,168)
Increase (decrease) in operating liabilities:		
Accounts payable	6,274	(8,196)
Accrued payroll liabilities	<u>300</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>137,150</u>	<u>12,575</u>
 Cash Flows from Financing Activities		
Proceeds (payments) of PPP loan	<u>(111,310)</u>	<u>111,310</u>
Net Cash Provided by Financing Activities	<u>(111,310)</u>	<u>111,310</u>
 Net Increase (Decrease) in Cash	25,840	123,885
Cash at Beginning of Year	<u>202,066</u>	<u>78,181</u>
 Cash at End of Year	<u><u>\$ 227,906</u></u>	<u><u>\$ 202,066</u></u>

See accompanying notes and independent accountants' review report.

Kilgore Samaritan Counseling Center, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

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.

See accompanying notes and independent accountants' review report.

Kilgore Samaritan Counseling Center, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

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, 2021 and 2020 were \$-0- and \$-0-, 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.

See accompanying notes and independent accountants' review report.

Kilgore Samaritan Counseling Center, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies – Continued

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.

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.

See accompanying notes and independent accountants' review report.

Kilgore Samaritan Counseling Center, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies – Continued

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.

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 **Note**

See accompanying notes and independent accountants' review report.

Kilgore Samaritan Counseling Center, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Note 2 – Concentration of Credit Risk – Continued

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, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Counseling and psychiatric services	\$ 59,787	\$ 61,160
Allowance for doubtful accounts	<u>(7,000)</u>	<u>(7,000)</u>
Accounts receivable, net of allowance	<u><u>\$ 52,787</u></u>	<u><u>\$ 54,160</u></u>

Note 4 – Investments

Investments as of December 31, 2021 and 2020 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, 2021</u>	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Cash	\$ 25,831	\$ 25,831	\$ -
Common stocks	9,698	47,427	37,729
Preferred stocks	<u>11,549</u>	<u>12,670</u>	<u>1,121</u>
	<u><u>\$ 47,078</u></u>	<u><u>\$ 85,928</u></u>	<u><u>\$ 38,850</u></u>

<u>December 31, 2020</u>	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Cash	\$ 3,963	\$ 3,963	-
Common stocks	9,698	39,192	29,494
Preferred stocks	<u>30,800</u>	<u>32,642</u>	<u>1,842</u>
	<u><u>\$ 44,461</u></u>	<u><u>\$ 75,797</u></u>	<u><u>\$ 31,336</u></u>

See accompanying notes and independent accountants' review report.

Kilgore Samaritan Counseling Center, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Note 5 - Land, Buildings and Equipment

At December 31, 2021 and 2020, the cost and accumulated depreciation of land, buildings and equipment were as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 85,278	\$ 85,278
Buildings and improvements	282,233	282,233
Furniture, fixtures and equipment	26,854	26,854
Less: accumulated depreciation	<u>(121,834)</u>	<u>(113,492)</u>
Land, building and equipment, net	<u>\$ 272,531</u>	<u>\$ 280,873</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.

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 2021 and 2020 were \$14,000 and \$21,000, 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 \$29,551 and \$27,979 for 2021 and 2020, respectively.

See accompanying notes and independent accountants' review report.

Kilgore Samaritan Counseling Center, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Note 7 - Liquidity and Availability

The following table reflects KSCC's financial assets as of December 31, 2021 and 2020, 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.

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 - 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, 2021.

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. In March 2021 the Paycheck Protection Program loan of \$111,310 was forgiven.

Management has evaluated subsequent events for recognition or disclosure in the financial statements through August 22, 2022, which was the date at which the financial statements were available to be issued.

