

**SAN ANTONIO METROPOLITAN MINISTRY, INC.
d/b/a SAMMinistries**

**AUDITED FINANCIAL STATEMENTS
AND
FEDERAL AND STATE AWARDS REPORTS**

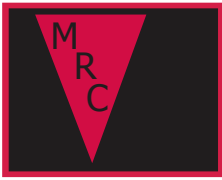
September 30, 2020

AUDITED FINANCIAL STATEMENTS

**San Antonio Metropolitan Ministry, Inc.
d/b/a SAMMinistries**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
San Antonio Metropolitan Ministry, Inc.
d/b/a SAMMinistries
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of San Antonio Metropolitan Ministry, Inc. (the "SAMMinistries") (a nonprofit organization), which comprises the statement of financial position as of September 30, 2020, and the related statements of activities, 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 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 enough 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 SAMMinistries as of September 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Restatement

As described in Note 16 to the financial statements, as of September 30, 2019 net assets were decreased by \$285,266 to reflect a change in accounts policy related to accrued paid-time-off liability and related expenses for years ended prior to September 30, 2020. Accordingly, an adjustment has been made to restate net assets as of September 30, 2019. Our opinion is not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited the SAMMinistries' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 and state awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, State of Texas Single Audit Singular Circular and other grant regulations*, 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021 on our consideration of SAMMinistries' 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 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 SAMMinistries' internal control over financial reporting and compliance.

Martinez, Rosario & Company, LLP

Martinez, Rosario & Company, LLP
Certified Public Accountants
San Antonio, TX

January 15, 2021

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
STATEMENT OF FINANCIAL POSITION
As of September 30, 2020
With Summarized Financial Information as of September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,117,752	\$ 30,574
Accounts Receivable, Net	838,860	633,722
Pledges Receivable, Net	296,510	967,898
Prepaid Expenses	<u>95,367</u>	<u>68,997</u>
Total Current Assets	2,348,489	1,701,191
Other Assets:		
Investments	2,703,805	2,605,351
Security Deposits	6,285	28,091
Real Estate with Grantor Life Estate	<u>184,390</u>	<u>176,750</u>
Total Other Assets	2,894,480	2,810,192
Fixed Assets, Net of Accumulated Depreciation	<u>7,336,658</u>	<u>3,338,826</u>
TOTAL ASSETS	<u>\$ 12,579,627</u>	<u>\$ 7,850,209</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 779,998	\$ 574,627
Deferred Liability	-	10,597
Notes Payable	100,932	-
Line of Credit	<u>-</u>	<u>735,549</u>
Total Current Liabilities	<u>880,930</u>	<u>1,320,773</u>
Non-Current Liabilities:		
Long - Term Debt	4,797,557	-
Deferred Liability	<u>-</u>	<u>64,920</u>
TOTAL LIABILITIES	5,678,487	1,385,693
NET ASSETS		
Without Donor Restrictions	3,437,428	3,189,259
With Donor Restrictions	<u>3,463,712</u>	<u>3,275,257</u>
TOTAL NET ASSETS	<u>6,901,140</u>	<u>6,464,516</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,579,627</u>	<u>\$ 7,850,209</u>

The notes to financial statements are an integral part of these financial statements.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020
With Summarized Financial Information For the Year Ended September 30, 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE				
Public Support:				
Governmental	\$ 5,195,547	\$ -	\$ 5,195,547	\$ 4,673,121
Contributions	2,996,085	1,110,603	4,106,688	2,377,895
Other Grants	1,891,668	-	1,891,668	2,563,197
TOTAL PUBLIC SUPPORT	10,083,300	1,110,603	11,193,903	9,614,213
Revenue:				
Special Events, Net of expenses of \$57,350	101,047	-	101,047	193,506
Rentals	170,746	-	170,746	-
Realized Gains on Sales of Transitional Houses	10,216	-	10,216	145,496
Unrealized Gain (Loss) on Investments	(32,963)	-	(32,963)	5,481
Realized Gains on Sales of Investments	143,703	-	143,703	28,238
Interest and Dividends	61,441	-	61,441	70,492
In-Kind Contributions	1,699,538	-	1,699,538	1,698,136
Other Income	134,629	-	134,629	99,047
TOTAL REVENUE	2,288,357	-	2,288,357	2,240,396
TOTAL PUBLIC SUPPORT AND REVENUE	12,371,657	1,110,603	13,482,260	11,854,609
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of Program Restrictions	922,148	(922,148)	-	-
TOTAL CONTRIBUTED SUPPORT AND EARNED REVENUE	13,293,805	188,455	13,482,260	11,854,609
EXPENSES				
Program Services	10,437,883	-	10,437,883	10,477,127
Management and General	814,882	-	814,882	425,135
Fundraising	1,507,605	-	1,507,605	902,736
TOTAL EXPENSES	12,760,370	-	12,760,370	11,804,998
Change in Net Assets	533,435	188,455	721,890	49,611
NET ASSETS AT BEGINNING OF YEAR AS RESTATED	2,903,993	3,275,257	6,179,250	6,414,905
NET ASSETS AT END OF YEAR	\$ 3,437,428	\$ 3,463,712	\$ 6,901,140	\$ 6,464,516

The notes to financial statements are an integral part of these financial statements.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2020
With Summarized Financial Information For the Year Ended September 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2020 Total</u>	<u>Comparative 2019 Total</u>
Salaries, Taxes and Benefits	\$ 3,589,836	\$ 261,917	\$ 735,683	\$ 4,587,436	\$ 3,991,037
Advertising and Promotion	50	45	119,201	119,296	123,106
Bad Debt Expense	4,424	-	3,000	7,424	7,195
Client Services	3,960,911	-	-	3,960,911	3,644,991
Client Services, Pass Through	1,687,155	12,578	-	1,699,733	1,695,076
Small Equipment and Leases	83,049	30,907	48,108	162,064	181,451
Contract and Professional	143,688	111,703	34,373	289,764	218,196
Insurance	60,935	6,759	4,726	72,420	47,893
Maintenance and Repair	109,428	19,422	2,622	131,472	141,176
Travel	62,404	785	3,231	66,420	76,839
Utilities and Communications	221,055	53,442	27,971	302,468	248,264
Printing and Postage	2,181	2,669	91,654	96,504	57,450
Direct Mail	-	-	364,484	364,484	385,782
Rent	36,759	6,639	30,448	73,846	388,096
Resources	19,904	7,839	7,838	35,581	43,868
Security	120,083	420	906	121,409	106,452
Vehicle	21,431	5,230	9,406	36,067	27,959
Interest	-	169,889	-	169,889	41,810
Investment Fees	-	19,067	-	19,067	26,924
Miscellaneous	483	17,735	22,581	40,799	48,802
TOTAL EXPENSES BEFORE DEPRECIATION	10,123,776	727,046	1,506,232	12,357,054	11,502,367
Depreciation	314,107	87,836	1,373	403,316	302,631
TOTAL EXPENSES	\$ 10,437,883	\$ 814,882	\$ 1,507,605	\$ 12,760,370	\$ 11,804,998

The notes to the consolidated financial statements are an integral part of these financial statements.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2020
With Summarized Financial Information For the Year Ended September 30, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 721,890	\$ 49,611
Adjustment to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Unrealized Loss (Gain) on Investments	32,963	(5,481)
Realized Gain on Sales of Investments	(143,703)	(28,238)
Realized Gains on Sales of Transitional Houses	-	(151,411)
Depreciation	403,316	302,631
(Increase)/Decrease in:		
Accounts Receivable	(205,138)	(114,967)
Pledges Receivable	671,388	(643,036)
Prepaid Expenses	(26,370)	41,716
Security Deposits	21,806	(15,000)
Increase/(Decrease) in:		
Accounts Payable and Accrued Expenses	(79,895)	20,406
Unearned Advances	-	(27,372)
Deferred Liability	(75,517)	(2,923)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,320,740</u>	<u>(574,064)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	879,076	1,387,146
Purchases of Investments	(874,430)	(1,394,655)
Proceeds from Sale of Transitional Houses	-	182,239
Purchases of Property and Equipment	(4,401,148)	(141,876)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(4,396,502)</u>	<u>32,854</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	300,000	465,193
Repayments on Line of Credit	(1,035,549)	(355,381)
Proceeds from Notes Payable	4,966,700	-
Repayments on Notes Payable	(68,211)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>4,162,940</u>	<u>109,812</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,087,178</u>	<u>(431,398)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>30,574</u>	<u>461,972</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,117,752</u>	<u>\$ 30,574</u>

The notes to financial statements are an integral part of these financial statements.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
d/b/a SAMMinistries

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SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1: ORGANIZATION

San Antonio Metropolitan Ministry, Inc., (“SAMMinistries”) is an interfaith ministry, the mission of which is to help the homeless, and those at risk of becoming homeless, to attain self-sufficiency by offering, with dignity and compassion, shelter, housing, and services. SAMMinistries’ purpose also includes helping impoverished and homeless people progress from crisis to self-sufficiency through a "Continuum of Care" model to break the cycle of homelessness.

The specific programs and services provided by SAMMinistries include the following:

Emergency Services: SAMMinistries administers rapid re-housing and homeless prevention services, including rent and utility assistance on-site at the Haven for Hope campus.

Prevention Services: SAMMinistries provides homeless prevention services to Bexar and surrounding counties. By providing financial assistance and case management services to individuals and families at risk of immediate homelessness, SAMMinistries served 556 households and prevented almost 1,969 individuals from becoming homeless this fiscal year. With a combination of private and public funding, SAMMinistries has become the largest provider and community leader in the area of homeless prevention services.

Rapid ReHousing (RRH) Services: RRH targets homeless families and individuals and assists them in rapidly obtaining permanent housing. Credit/criminal history, lack of income/employment, disabilities, or substance use does not limit participation. Housed families are offered individualized case management services to assist them in integrating in their neighborhood, accessing needed mental/physical health services and securing income/benefits for which they are eligible. All participants have access to educational assistance provided by SAMMinistries, including financial assistance with educational and vocational programs and/or college scholarships. SAMMinistries housed 209 households made up of 387 formerly homeless individuals this fiscal year.

Transitional Services: SAMMinistries, at the Transitional Living and Learning Center, provided residential services, comprehensive case management, life skills training, and job skills/education training for 74 families (236 individuals) this fiscal year.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1: ORGANIZATION – Continued

Permanent Supportive Housing Program (SHP): SHP is an innovative program whose goal is to provide a supportive environment for homeless families while helping them attain the highest level of self-sufficiency. To meet eligibility requirements, the family must be homeless and come from places not meant for human habitation, such as cars, parks, sidewalks and abandoned buildings; an emergency shelter; or a transitional housing program for homeless persons that originally came from the streets or emergency shelter. In addition, only homeless families with one of its members having a qualifying disability are eligible for the SHP program. SAMMinistries housed 183 households made up of 387 formerly homeless individuals this fiscal year.

Permanent Housing (Affordable): SAMMinistries has a Homeless Set-A-Side Voucher Program where it manages 100 Housing Vouchers in partnership with the San Antonio Housing Authority (SAHA). SAMMinistries provides case management services to homeless families in need of affordable housing opportunities in the private rental market. SAMMinistries served 104 households made up of 434 individuals during this fiscal year.

Street Outreach: SAMMinistries' Street Outreach Program works with many of our community's most vulnerable individuals. Staff connect directly with unsheltered individuals on the streets, in vehicles, and in encampments. Efforts focus on establishing relationships that build trust and foster engagement in often desperately needed physical and mental health care services, with the ultimate goal of helping every individual secure safe, permanent housing. During fiscal year ended September 30, 2020, SAMMinistries' Street Outreach Program served 315 unduplicated individuals who, on average, had experienced 19 months of homelessness during the current episode. Forty-seven percent engaged in medical or mental health care services and/or substance use intervention services, and 22% secured permanent housing within the fiscal year.

These programs serve families and individuals working to attain self-sufficiency through employment and/or job training and education.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of Accounting Standard Update: For the Year ended September 30, 2019, SAMMinistries adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net assets classes used in these financial statements.

Amounts previously accounted for as unrestricted net assets are now accounted as net assets without donor restrictions and amounts previously accounted as temporarily restricted net assets and permanently restricted net assets, if applicable, are now accounted as net assets with donor restrictions.

COVID 19: The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. SAMMinistries is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on SAMMinistries' operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on SAMMinistries' service recipients, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact SAMMinistries' financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Paycheck Protection Program: On April 18, 2020, SAMMinistries received loan proceeds in the amount of \$766,700 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Paycheck Protection Program - Continued: The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after then end of the covered period. SAMMinistries used the PPP loan proceeds for purposes consistent with the PPP terms. On November 9, 2020 SAMMinistries received notification of legal release from the loan obligation.

SAMMinistries has recorded a note payable and will record income forgiveness on the date the legal release notification from the loan obligation was received.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Net assets, support and revenue, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions: That portion of net assets that has no use or time restrictions.

With Donor Restrictions: That portion of net assets that is subject to donor-imposed restrictions on the specific use of the donation or the occurrence of a certain future event.

Prior Year Summarized 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 GAAP. Accordingly, such information should be read in conjunction with SAMMinistries' audited financial statements for the year ended September 30, 2019, from which the summarized information was derived.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition: Gifts of cash and other assets are recorded as revenue when received or unconditionally pledged. They are reported as with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. Non-cash gifts are recorded at fair value on the date of the gift. Donations received with donor restrictions whose restrictions are met in the same reporting period are generally reported as without donor restrictions support in the same reporting year.

Gifts of equipment are reported as without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as with donor restrictions support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Grants from Government Agencies: Grants from governmental agencies are earned and recorded as revenue when qualifying expenses that meet grant requirements are incurred. Amounts received but not yet earned on continuing contracts, are recorded as unearned advances; amounts payable to the grantor as a result of unexpended funds on hand at program completion are recorded as accounts payable; expenditures incurred in excess of receipts are reported as grants or accounts receivable.

Functional Allocation of Expenses: The costs of providing the services and other activities of SAMMinistries have been summarized on a functional basis as a supplemental schedule to the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Special Events: Costs associated with special events are netted against the related revenue.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash-on-hand and deposits held by financial institutions with maturities of three months or less.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable: Accounts receivable is reported at outstanding principal, net of an allowance for doubtful accounts. No allowance for doubtful accounts was required at September 30, 2020 and 2019. The allowance is generally determined based on an account-by-account review and historical trends. Accounts are charged off when collection efforts have failed and the account is deemed uncollectible. Interest is generally not charged on the receivables.

Pledges Receivable: Pledges receivable are recorded at outstanding principal, net of an allowance for doubtful accounts and discount to present value, if considered necessary for long-term pledges. Discounts to present value are amortized and reported in contribution revenue. No allowance for uncollectible pledges was required at September 30, 2020 and 2019.

Investments: Investments in equity securities with readily determinable fair value and all debt securities are reported at their fair value. Gains and losses (realized and unrealized) are included in the changes in net assets in the accompanying statement of activities. All securities are classified as non-current on the accompanying statement of financial position. Investments are held by Morgan Stanley and Broadway Bank and are monitored by the Finance Committee of SAMMinistries.

Property and Equipment: All acquisitions of property and equipment in excess of \$1,000, and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets, are capitalized. Property and equipment is valued at historical cost or estimated fair value at date of donation. Expenditures for improvements that materially extend the useful life of an asset are capitalized.

Depreciation is recorded using the straight-line method over the estimated useful lives of the related asset (generally three to ten years for furniture, equipment and vehicles and 15 to 30 years for buildings and improvements) or the remaining term of the lease (see Note 6).

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences: All regular full time employees earn paid-time-off. The amount of paid-time-off earned depends upon the length of service of the employee with SAMMinistries ranging from 2.25 days per month up to twenty-seven days per year to 3.5 days per month up to forty-two days per year. Employees may accrue and carry paid-time-off from one anniversary year to the next but may not accrue more than twice their annual accrual. When an employee separates from employment with SAMMinistries in good standing, the employee is eligible to receive payment of 75% of their respective current base pay rate for unused paid-time-off at the time of the employee resignation.

Donated Services: Donated services (excluding professional and similar type services) generally are not valued or recorded in these financial statements because they do not meet the accounting requirements of GAAP. However, a substantial number of volunteers donate significant amounts of time to SAMMinistries' programs. Volunteer hours are estimated at 17,064 in 2020 and 21,454 hours in 2019. Professional services, advertising and other services that can be measured and meet certain other requirements are recorded in the financial statements as in-kind contributions and expenses of a similar amount.

Income Taxes: SAMMinistries is a not-for-profit organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and is not " a private foundation" within the meaning of Section 509(a). Donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The Organization is not subject to the Texas margin tax. Management is not aware of any tax positions that would have a significant impact on its financial position. Its tax returns for the last three years remain subject to examination by the Internal Revenue Service. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

SAMMinistries is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. SAMMinistries has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Advertising: Advertising costs are expensed as incurred and totaled approximately \$119,296 in 2020 and \$123,106 in 2019.

Joint Costs: Special event expenses totaled \$57,350 in 2020 and \$94,466 in 2019 and are considered joint costs. Special event expenses are netted against special event revenue as allowed under U.S. Generally Accepted Accounting Principles.

Retirement Plan: SAMMinistries provides a 401(k) plan (the Plan) for its fulltime staff members. To be eligible to participate, each employee must be employed for at least one year and have worked 1,000 hours or more in the Plan year. Employees may elect to contribute up to \$18,500, plus \$5,500 for participants aged 50 and over, of their compensation to the Plan. SAMMinistries provided matching and discretionary contributions of \$82,357 and \$46,153 in 2020 and 2019 respectively for SAMMinistries.

Concentrations of Credit Risk: Financial instruments that potentially subject SAMMinistries to concentrations of credit risk consist principally of cash, investments and pledges and grants receivable. SAMMinistries maintains cash deposits with major banks which, from time to time, may exceed federally insured limits. SAMMinistries' management periodically assesses the financial condition of the institutions and believes the risk of any loss is minimal.

Concentrations of Credit Risk - Continued: Concentration of credit risk with respect to its investments is reduced as a result of the diversity of the underlying securities. SAMMinistries also has concentrations of credit risk with respect to pledges receivable due to soliciting primarily concentrated in the South Texas area. Concentrations of credit risks in grants receivable are limited due to contracts with federal government agencies.

Commitments and Contingencies: SAMMinistries participates in several state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that SAMMinistries has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. Management does not believe there are any significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Subsequent Events: Subsequent events have been evaluated by management for recognition and disclosure through January 15, 2021 which is the date the financial statements were available to be issued. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

New Accounting Pronouncements: In May 2014, the Financial Accounting Standards Board issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2018.

In June 2018 The FASB issued Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 – Revenue Recognition of Grants and Contracts by Not-for-Profit Entities. This ASU is intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. Effective date for Resource Recipients beginning after December 15, 2018 and for Resource Providers beginning after December 15, 2019.

New Accounting Pronouncements - Continued: In June 2018 The FASB issued Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 – *Revenue Recognition of Grants and Contracts by Not-for-Profit Entities*. This ASU is intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. Effective date for Resource Recipients beginning after December 15, 2018 and for Resource Providers beginning after December 15, 2019.

Management does not expect any of these new standards to have a significant impact to its financial position, results of operations and related disclosures.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification: Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 presentation. These reclassifications had no effect on the previously reported change in net assets.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 3: LIQUIDITY AND FUNDS AVAILABLE

The following table reflects SAMMinistries' financial assets as of September 30, 2020 and 2019 reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, endowments and accumulated earnings net of appropriations within one year, and board-designated endowments. These board designations could be drawn upon if the board approves that action.

Financial assets available to meet cash needs for general expenditures within one year as of September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash and Cash Equivalents	\$ 1,117,752	\$ 30,574
Accounts Receivable	838,860	633,722
Pledges Receivable	296,510	967,898
Investments	<u>2,703,805</u>	<u>2,605,351</u>
Total Financial Assets	<u>4,956,927</u>	<u>4,237,545</u>
Less those not available for general expenditures within one year due to:		
Investment in perpetuity which, once appropriated, is expendable to support Education	<u>(2,446,962)</u>	<u>(2,446,962)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,509,965</u>	<u>\$ 1,790,583</u>

NOTE 4: PLEDGES RECEIVABLE

Pledges receivable are as follows at September 30:

	<u>2020</u>	<u>2019</u>
Pledges receivable in less than one year	\$ 296,510	\$ 967,898
Pledges receivable in one to five years	<u>-</u>	<u>-</u>
Total Pledges Receivable	296,510	967,898
Less: Allowance for uncollectible pledges	-	-
Less: Present value discount	<u>-</u>	<u>-</u>
Pledges Receivable, Net	<u>\$ 296,510</u>	<u>\$ 967,898</u>

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 5: REAL ESTATE WITH GRANTOR LIFE ESTATE

During 2007, an individual established a retained life estate gift for the benefit of SAMMinistries. Under the terms of the split-interest agreement, the donor has donated her home, while retaining the right to live in it for the rest of her life. After the donor's death, SAMMinistries may use the house in its operations, or rent or sell the property. The portion of the gift measured as the present value of the future benefit to be received by SAMMinistries was recorded in the statement of activities as with donor restrictions contribution in the period the gift was made.

Subsequent changes to that estimated value are also recorded as with donor restrictions gains or losses. The change in the valuation resulted in a \$7,640 and \$6,040 net gain in 2020 and 2019, respectively. The asset is recorded at its fair value of \$184,390 and \$176,750 at September 30, 2020 and 2019, as real estate with grantor-retained life estate in the statement of financial position. The asset is recorded at net of a liability of \$49,278 and \$49,707 in 2020 and 2019, respectively, to make required tax distributions to the donor, which is calculated utilizing actuarial assumptions that take into account the donor's life expectancy and a discount rate of 5.6%.

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment are as follow at September 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 631,863	\$ 631,863
Buildings and Improvements	9,727,205	5,444,836
Leasehold Improvements	362,972	354,754
Furniture, Equipment, and Software	2,396,675	2,311,827
Vehicles	<u>187,543</u>	<u>202,143</u>
Total Property and Equipment	13,306,258	8,945,423
Less: Accumulated Depreciation	<u>(5,969,600)</u>	<u>(5,606,597)</u>
Property and Equipment, Net	<u>\$ 7,336,658</u>	<u>\$ 3,338,826</u>

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 7: LONG TERM-DEBT

<u>Description</u>	<u>Amount</u>
SAMMinistries has a secured note payable with a financial institution bearing interest at 4.21%. Principal payments of \$18,235 plus interest are due monthly. Unpaid principal balance plus accrued interest is due on January 1, 2045. The note is secured by the acquired building.	\$ 3,328,262
SAMMinistries has a secured note payable with a non-profit organization bearing interest at 7%. Monthly calculated instalments of principal and interest of an approximated amount of \$1,600 are due monthly. Unpaid principal balance plus accrued interest is due on January 1, 2035. The note is secured by the acquired building.	803,527
SAMMinistries has recorded a note payable as a result of loan proceeds received under the Paycheck Protection Program established as as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). Subsequent to year end SAMMinistries received legal release from the loan obligation. Loan forgiveness income will be recognized on the date of the legal release notification.	<u>766,700</u>
Total Long-term Debt	4,898,489
Less: Current Portion	<u>100,932</u>
Total Long-term Debt, Net of Current Portion	<u>\$ 4,797,557</u>

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 7: LONG TERM-DEBT - Continued

Maturities of long-term-debt for the years subsequent to September 30, 2020, are as follows:

Year Ending September 30,	<u>Principal</u>
2021	\$ 100,932
2022	105,872
2023	111,067
2024	116,534
2025	122,286
Thereafter	<u>4,341,798</u>
	<u>\$ 4,898,489</u>

NOTE 8: LINE OF CREDIT

SAMMinistries has a \$1,000,000 line of credit with a financial institution. The line of credit has an interest rate of 3 points over prime and matured on December 10, 2020. The line of credit was renewed and is effective until March 31, 2022 with a calculated monthly interest rate of 1.75 points over prime. The outstanding balance was \$0 at September 30, 2020 and \$735,549 at September 30, 2019. The line of credit is secured by the bank's right of offset against SAMMinistries' accounts with the bank.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 9: FAIR VALUE MEASUREMENTS

In accordance with U.S. generally accepted accounting principles, SAMMinistries utilizes a fair value hierarchy that prioritizes the inputs for the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that SAMMinistries has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in inactive markets
- inputs other than quoted prices that are observable for the asset or liability
- inputs that are derived principally from or corroborated by observable market data by correlation or other means
- if the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 9: FAIR VALUE MEASUREMENTS – Continued

The following table sets forth by level, within the fair value hierarchy, SAMMinistries' investment portfolio at fair value:

September 30, 2020	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Investments:				
Money Market Funds	\$ 51,462	\$ -	\$ -	\$ 51,462
Mutual Funds:				
Short-term Bond	124,302	-	-	124,302
Intermediate-term Bond	119,816	-	-	119,816
Multialternative	72,678	-	-	72,678
Corporate Bonds	-	75,713	-	75,713
Municipal Bonds	-	316,013	-	316,013
Corporate Fixed Income	-	425,431	-	425,431
Federal Treasury Notes	413,156	-	-	413,156
Exchange Traded Funds	74,229	-	-	74,229
Equity Securities	1,031,005	-	-	1,031,005
	<u>1,886,648</u>	<u>817,157</u>	<u>-</u>	<u>2,703,805</u>
Real estate with grantor-retained life estate	-	-	184,390	184,390
TOTAL	\$ 1,886,648	\$ 817,157	\$ 184,390	\$ 2,888,195

September 30, 2019	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Investments:				
Money Market Funds	\$ 20,490	\$ -	\$ -	\$ 20,490
Mutual Funds:				
Short-term Bond	96,589	-	-	96,589
Multialternative	24,140	-	-	24,140
Corporate Bonds	-	119,955	-	119,955
Municipal Bonds	-	421,653	-	421,653
Corporate Fixed Income	-	694,422	-	694,422
Federal Treasury Notes	35,102	-	-	35,102
Exchange Traded Funds	275,464	-	-	275,464
Equity Securities	909,548	-	-	909,548
REIT	7,988	-	-	7,988
	<u>1,369,321</u>	<u>1,236,030</u>	<u>-</u>	<u>2,605,351</u>
Real estate with grantor-retained life estate	-	-	176,750	176,750
TOTAL	\$ 1,369,321	\$ 1,236,030	\$ 176,750	\$ 2,782,101

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 9: FAIR VALUE MEASUREMENTS – Continued

There have been no changes in methodologies used to compute fair value. The following is a description of the valuation methodologies used for various types of assets measured at fair value:

Equity Securities, Corporate Bonds and U. S. Government Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds and Exchange Traded Funds: Valued at the net asset value (NAV).

Real Estate with Grantor-retained Life Estate: Determined by calculating the present value of the future life expectancy of the tenant based on their present age, using published life expectancy tables and a 5.60% discount rate.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although SAMMinistries 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.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 10: CONTRIBUTIONS AND DONATED MATERIALS AND SERVICES – Continued

In-kind contributions of materials and service consist of the following for the years ended September 30:

	<u>2020</u>	<u>2019</u>
Clothing, blankets, food, etc.	\$ 979,618	\$ 1,082,231
Professional services	48,457	5,700
Housing and utility assistance	671,658	601,929
Other	-	8,276
Total	\$ <u>1,699,733</u>	\$ <u>1,698,136</u>

NOTE 11: GOVERNMENT GRANTS

SAMMinistries receives federal funding under the City of San Antonio, the U.S. Department of Housing and Urban Development (HUD), and the Texas Department of Housing and Community Affairs, for reimbursement of operating expenses. SAMMinistries also receives other grants to provide funding for its programs from several corporations and foundations. Government grants consisted of the following for the years ended September 30:

	<u>2020</u>	<u>2019</u>
U.S. Department of Housing and Urban Development (HUD):		
Direct Funding	\$ 3,378,268	\$ 2,881,671
Passed Through:		
City of San Antonio (Emergency Solutions Grant Program)	461,697	425,595
City of San Antonio (General Fund Monies)	111,377	78,371
Texas Department of Housing and Community Affairs (Emergency Solutions Grant Program)	171,344	292,954
U.S. Department of Homeland Security (UHS):		
Emergency Food and Shelter Program (Phase 34)	22,387	41,000
Texas Veterans Commission (Series XV-A General Assistance)	236,051	386,559
State of Texas Governor's Office (Veterans Program)	686,479	366,454
Bexar County (Emergency Solutions Grant Program)	8,612	123,189
Bexar County (FDC Program)	-	9,423
Bexar County (EIP Program)	61,387	9,913
City of San Antonio (Department of Human Services - General Funds)	22,674	19,838
Health and Human Services (Community Mental Health)	35,271	38,154
Total	\$ <u>5,195,547</u>	\$ <u>4,673,121</u>

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 12: WITH DONOR RESTRICTIONS NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specific Purpose:		
Educational Support:		
Education, Earnings on Endowments	\$ 182,295	\$ 182,295
Education, Other	<u>38,107</u>	<u>32,821</u>
Total Educational Support	220,402	215,116
Operational Support:		
Children Related Expenditures	143,115	180,212
Families and Housing Prevention	226,211	2,149
Time Restricted - Life Estate, Net of Related Liability	135,112	127,043
TLLC Building Renovation	48,000	64,254
Senior Homeless Prevention	187	3,163
Veterans Affairs	165,857	124,868
Health and Wellness	45,048	28,070
EIP Program	20,608	62,112
Various Programs	<u>12,210</u>	<u>21,308</u>
Total Operational Support	<u>796,348</u>	<u>613,179</u>
Total Subject to Expenditure for Specific Purpose:	1,016,750	828,295
Subject to SAMM Ministries Spending Policy and Appropriations:		
Investment in perpetuity which, once appropriated, is expendable to support Education	2,446,962	2,446,962
Total Donor-Restricted Net Assets	<u>\$ 3,463,712</u>	<u>\$ 3,275,257</u>

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 12: WITH DONOR RESTRICTIONS NET ASSETS – Continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows:

	<u>2020</u>	<u>2019</u>
Purpose Restrictions Accomplished:		
Educational Support:		
Education, Earnings on Endowments	\$ -	\$ 41,870
Education, Other	<u>24,713</u>	<u>51,504</u>
Total Educational Support	24,713	93,374
Operational Support:		
Children Related Expenditures	212,097	287,376
Families and Housing Prevention	342,604	193,597
TLLC Building Renovation	16,254	15,582
Senior Homeless Prevention	2,976	23,393
Veterans Affairs	167,011	175,132
Health and Wellness	93,421	51,446
EIP Program	51,504	29,405
Various Programs	<u>11,568</u>	<u>17,577</u>
Total Operational Support	897,435	793,508
Total Purpose Restrictions Accomplished	<u>\$ 922,148</u>	<u>\$ 886,882</u>

NOTE 13: ENDOWMENTS

SAMMinistries' endowment, included with Investments, consists of three individual funds established for operations and education. This endowment includes donor-restricted endowment contributions. The donor restricted endowment fund falls under the provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the State of Texas with an effective date of September 1, 2007. This policy defines SAMMinistries' interpretation of the provisions of this law as they relate to the prudent management of its endowment fund.

NOTE 13: ENDOWMENTS – Continued

Interpretation of Relevant Law: The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, SAMMinistries classifies as permanently restricted net assets the original value of gifts to the permanent endowment (the Principal). The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by SAMMinistries in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, in all its endowment spending activity, SAMMinistries considers the following factors in deciding to appropriate (spend) or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of SAMMinistries and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of SAMMinistries, and
- 7) The investment policies of SAMMinistries

Return Objectives and Risk Parameters: Endowment investments are managed under the direction of the Board of Directors of SAMMinistries. Funds are invested in a manner that seeks to produce results that meet or exceed the performance of generally recognized market indices, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, SAMMinistries relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). SAMMinistries has placed the funds with various investment managers so that the investment dollars are diversified to maximize their investment income.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 13: ENDOWMENTS – Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy: SAMMinistries has a policy of appropriating for distribution each year amounts in excess of the original value of the donations to the permanent endowment.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires SAMMinistries to retain as a fund of perpetual duration. There were no deficiencies of this nature as of September 30, 2020 or 2019.

Changes in endowment net assets for the year ended September 30, 2020 and 2019 were as follows:

	Donor-Restricted Expendable	Donor-Restricted Endowment
Endowment net assets, September 30, 2018	\$ 162,425	\$ 2,446,962
Contributions	5,115	-
Investment Return	18,808	54,406
Unrealized Gain on Investments, Net	(252)	(3,388)
Satisfaction of Program Restrictions	<u>(3,801)</u>	<u>(51,018)</u>
Endowment net assets, September 30, 2019	182,295	2,446,962
Contributions	-	-
Investment Return	62,862	124,807
Unrealized Loss on Investments, Net	(3,630)	(38,075)
Satisfaction of Program Restrictions	<u>(8,268)</u>	<u>(86,732)</u>
Endowment net assets, September 30, 2020	<u>\$ 233,259</u>	<u>\$ 2,446,962</u>

All endowment funds are donor-restricted at September 30, 2020 and 2019.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 14: OPERATING LEASES

SAMMinistries leases office space at the Haven for Hope facility. Additionally, SAMMinistries leases various pieces of office equipment. Estimates of the minimum payments outlined below under SAMMinistries' leases are based on the present monthly rate. Lease expense totaled \$131,697 in 2020 and \$374,336 in 2019.

The minimum payments and duration for these lease agreements are as follows:

<u>Year Ended September 30</u>	<u>Amount:</u>
2021	\$ 77,338
2022	80,096
2023	82,959
2024	<u>60,602</u>
Total	<u>\$ 300,995</u>

On March 1, 2018 SAMMinistries commenced a new office space lease agreement which provided for free rent of the initial three months of the lease. In accordance with GAAP the lease cost was straight-lined over the sixty-three months period term of the lease and a deferred rent liability was recognized. The lease agreement ended in December 2019 since SAMMinistries purchased the building related to the lease. As a result of the building acquisition the deferred rent liability was written-off resulting on a decreased to rent expense of \$75,517 for the year ended September 30, 2020. Deferred rent liability as of September 30, 2020 and 2019 amounted to \$0 and \$75,517 respectively.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 15: SPECIAL EVENTS

Special Events for the year ended September 30, 2020 and 2019 consist of:

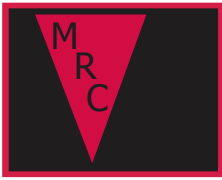
	<u>2020</u>	<u>2019</u>
Special Events Revenue:		
Empty Bowls	\$ 128,397	\$ 88,175
Aniversary Gala	<u>30,000</u>	<u>199,797</u>
Total Special Events Revenue	158,397	287,972
Direct Cost of Special Events		
Planning, Management and Catering	(4,622)	(44,187)
Audio Visual	(46,259)	(20,656)
Advertising/Promotion	(4,063)	(19,316)
Other	<u>(2,406)</u>	<u>(10,307)</u>
Total Direct Cost of Special Events	<u>(57,350)</u>	<u>(94,466)</u>
Special Events Revenue, Net	<u>\$ 101,047</u>	<u>\$ 193,506</u>

NOTE 16: PRIOR PERIOD RESTATEMENT

During fiscal 2020, net assets were decreased by \$285,266 to reflect a change in accounting policy related to accrued paid-time-off liability and related expenses for years ended prior to September 30, 2020. Accordingly, an adjustment has been made to restate net assets as of September 30, 2019. Our opinion is not modified with respect to this matter. The restatement is presented below:

	<u>Total</u>
Net Assets at September 30, 2019	\$ 6,464,516
Prior Year Adjustment	<u>(285,266)</u>
Total Net Assets as restated September 30, 2019	<u>\$ 6,179,250</u>

SINGLE AUDITS SECTION



**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
San Antonio Metropolitan Ministry, Inc.
d/b/a SAMMinistries
San Antonio, Texas

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 San Antonio Metropolitan Ministry, Inc. (a nonprofit organization) (SAMMinistries), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 15, 2021. Our report contains an emphasis of matter paragraph regarding a prior period restatement and an other matters paragraph regarding financial reporting of comparative prior year financial information.

Internal Control Over Financial Reporting

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

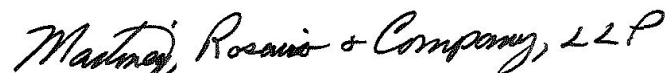
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

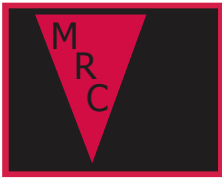
Purpose of this Report

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 SAMMinistries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SAMMinistries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Martinez, Rosario & Company, LLP
Certified Public Accountants
San Antonio, TX

January 15, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL OR STATE PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS
SINGLE AUDIT CIRCULAR**

To the Board of Directors of
San Antonio Metropolitan Ministry, Inc.
d/b/a SAMMinistries
San Antonio, Texas

Report on Compliance for Each Major Federal or State Program

We have audited San Antonio Metropolitan Ministry, Inc. (a nonprofit organization) (SAMMinistries) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of SAMMinistries major federal or state programs for the year ended September 30, 2020. SAMMinistries major federal or state 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 federal and state statutes, regulations, and the terms and conditions of its federal or state awards applicable to its federal or state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of SAMMinistries major federal or state 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; 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) and the *State of Texas Single Audit Circular*. Those standards, the Uniform Guidance and the State of Texas Single Audit Circular 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 or state program occurred. An audit includes examining, on a test basis, evidence about SAMMinistries 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 or state program. However, our audit does not provide a legal determination of SAMMinistries compliance.

Opinion on Each Major Federal or State Program

In our opinion, SAMMinistries 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 or state programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of SAMMinistries 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 SAMMinistries internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state 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 or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State of Texas Single Audit Circular*, 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 SAMMinistries 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 or state 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 or state 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 or state 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 and the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Martinez, Rosario & Company, LLP

Martinez, Rosario & Company, LLP
Certified Public Accountants
San Antonio, TX

January 15, 2021

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Year Ended September 30, 2020

Federal/State Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
FEDERAL PROGRAMS:				
U.S. Department of Housing and Urban Development:				
Continuum of Care Program(Housing First)	14.267	TX0012L6J001811	\$ -	\$ 1,024,322
Continuum of Care Program(Housing First)	14.267	TX0012L6J001912	-	211,227
Continuum of Care Program(Transitional Services)	14.267	TX0019L6J001811	-	445,956
Continuum of Care Program(Transitional Services)	14.267	TX0019L6J001912	-	42,366
Continuum of Care Program(Rapid Re-housing)	14.267	TX0358L6J001704	-	12,057
Continuum of Care Program(Rapid Re-housing)	14.267	TX0358L6J001805	-	143,408
Continuum of Care Program(Permanent Supportive Housing)	14.267	TX0279L6J001806	-	165,242
Continuum of Care Program(Permanent Supportive Housing)	14.267	TX0279L6J001907	-	78,840
Continuum of Care Program(Permanent Supportive Housing)	14.267	TX0434L6J001802	-	724,241
Continuum of Care Program(Permanent Supportive Housing)	14.267	TX0434L6J001903	-	126,640
Continuum of Care Program(Permanent Supportive Housing)	14.267	TX0484L6J001801	-	403,969
Total for CFDA 14.267			-	3,378,268
Pass-through programs from:				
City of San Antonio:				
Community Development Block Grant	14.218	4600017834L4	-	48,373
Community Development Block Grant	14.218	4600017834L2	-	63,004
Total for CFDA 14.218			-	111,377
Pass-through programs from:				
Texas Department of Housing and Community Affairs:				
Emergency Solutions Grant Program - SAMMinistries	14.231	42195000003	-	171,344
Emergency Solutions Grant Program - SAMMinistries	14.231	4600017834L3	-	461,697
Pass-through programs from:				
Bexar County				
Emergency Solutions Grant Program - SAMMinistries	14.231	E19-DC-48-0001	-	8,612
Total for CFDA 14.231			-	641,653
Total U.S. Department of Housing and Urban Development			-	4,131,298
U.S. Department of Homeland Security	97.024	Phase 37	-	22,387
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 4,153,685

See Notes to Schedule of Expenditures of Federal and State Awards.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - Continued
For The Year Ended September 30, 2020

Federal/State Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
STATE PROGRAMS:				
Texas Veterans Commission (TVC)				
Series XV-A General Assistance	N/A	FVA19-032	\$ -	\$ 202,366
Series XV-A General Assistance	N/A	GT-FVA20-013	-	<u>33,685</u>
Total Texas Veterans Commission			-	<u>236,051</u>
State of Texas Governors' Office (OOG)				
Victims of Crime Act (VOCA)	N/A	3064603	-	143,698
Victims of Crime Act Transitional Housing Initiative (VOCA-TH)	N/A	3534601	-	<u>542,781</u>
Total State of Texas Governors' Office (OOG)			-	<u>686,479</u>
Health and Human Services Community Mental Health				
	N/A	HB 13 CMBG		35,271
	N/A	HHS000046000018	-	<u>-</u>
			-	<u>35,271</u>
TOTAL EXPENDITURES OF STATE AWARDS			-	<u>957,801</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			\$ -	<u>\$ 5,111,486</u>

See Notes to Schedule of Expenditures of Federal and State Awards.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2020

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the “Schedule”) includes federal and state grant activity of SAMMinistries under programs of the federal and state government for the year ended September 30, 2020. The information in this Schedule is presented 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) and the *State of Texas Single Audit Circular*. Because the Schedule presents only a selected portion of the operations of SAMMinistries, it is not intended to and does not present the financial position, changes in net assets, or cash flows of SAMMinistries.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance, Cost Principles of Non-profit Organizations and state regulations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

SAMM has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Pass-through entity identifying numbers are presented where available.

Revenue Reconciliation - Federal and state awards programs are reported in the SAMMinistries’ financial statements as follows:

	<u>Amount</u>
Public Support: Governmental Grants	\$ 5,195,547
Less: Non-Federal and State Grants	<u>(84,061)</u>
Total Expenditures of Federal and State Awards	\$ <u>5,111,486</u>

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS -
Continued
For the Year Ended September 30, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Emergency Solutions Grants Program CFDA #14.231 and the Continuum of Care Grants Program CFDA #14.267 require SAMMinistries to contribute non-Federal funds (matching funds) to support the Federally funded programs. SAMMinistries has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

SECTION I - SUMMARY OF AUDITOR’S RESULTS

Financial Statement:

Type of auditor’s report: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes ✓ No
- Significant deficiency(ies) identified? _____ Yes ✓ None Reported
- Noncompliance material to financial statements noted? _____ Yes ✓ No

Federal and State Awards:

Internal control over major programs:

- Material weakness(es) identified? _____ Yes ✓ No
- Significant deficiency(ies) identified? _____ Yes ✓ None Reported

Type of auditor’s report issued on compliance for major programs: *Unmodified – HUD CCP Housing First – Federal
Unmodified – HUD CCP Transitional Services – Federal
Unmodified – HUD CCP Permanent Supportive Housing – Federal
Unmodified – HUD CCP Repaid Re-Housing – Federal
Unmodified – State of Texas Governor’s Office (OOG) – VOCA – State
Unmodified – State of Texas Governor’s Office (OOG) – VOCA-TH – State*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of Uniform Guidance or the *State of Texas Single Audit Circular*? _____ Yes ✓ No

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – Continued
For the Year Ended September 30, 2020

Identification of major federal programs:

Name of Federal Program or Cluster	CFDA Number(s)
U.S. Department of Housing and Urban Development (HUD) Pass through Continuum of Care Program:	14.267
Housing First	TX0012L6J001811 and TX0012L6J001912
Transitional Services	TX0019L6J001811 and TX0019L6J001912
Permanent Supportive Housing	TX0279L6J001806, TX0279L6J001907, TX0434L6J001802, TX0434L6J001903 and TX0484L6J001801
Rapid Re-Housing	TX0358L6J001704 and TX0358L6J001805

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? ✓ Yes No

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – Continued
For the Year Ended September 30, 2020

Identification of major state programs:

Name of State Program or Cluster	Identifying Number(s)
State of Texas Governor's Office (OOG)	
Victims of Crime Act Transitional Housing Initiative (VOCA-TH)	3534601
Victims of Crime Act (VOCA)	3064603

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ✓ Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL OR STATE AWARDS FINDINGS AND QUESTIONED COSTS

None noted.

SAN ANTONIO METROPOLITAN MINISTRY, INC. d/b/a SAMMinistries
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2020

FEDERAL PROGRAMS:

There were no prior year audit findings.

STATE PROGRAMS:

There were no prior year audit findings.