

**SAN ANTONIO METROPOLITAN
MINISTRY, INC.
dba SAMMINISTRIES**

**Audited Financial Statements
and
Single Audit Reports**

September 30, 2021

ADKF, P.C.
Certified Public Accountants

SAN ANTONIO METROPOLITAN MINISTRY, INC.
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ADKF

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Antonio Metropolitan Ministry, Inc.
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of San Antonio Metropolitan Ministry, Inc. dba SAMMinistries, which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the audited 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 U. S. generally accepted accounting principles; 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 U. S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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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, 2021, and the changes in net assets, functional expenses, and cash flows for the year then ended in accordance with U. S. generally accepted accounting principles.

Prior Period Financial Statements

The financial statements of SAMMinistries as of September 30, 2020, were audited by other auditors whose report dated January 15, 2021, expressed an unmodified opinion on these statements.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal and state awards for the year ended September 30, 2021, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and *Texas Uniform Grant Management Standards*, 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 U. S. generally accepted auditing standards. 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 reports dated January 27, 2022 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 those reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

ADKF, PC

ADKF, P.C.
San Antonio, Texas
January 27, 2022

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Statements of Financial Position
September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 329,352	\$ 1,117,752
Accounts receivable, net	1,404,872	838,860
Pledges receivable, net	1,988,652	296,510
Prepaid expenses	179,363	95,367
Total current assets	<u>3,902,239</u>	<u>2,348,489</u>
Other Assets:		
Investments	3,124,413	2,703,805
Deposits and other assets	6,285	6,285
Real estate with grantor life estate	191,470	184,390
Total other assets	<u>3,322,168</u>	<u>2,894,480</u>
Fixed Assets, net	<u>7,264,945</u>	<u>7,336,658</u>
Total Assets	<u><u>\$ 14,489,352</u></u>	<u><u>\$ 12,579,627</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 133,454	\$ 68,016
Accrued expenses	764,292	711,982
Deferred revenue	213,119	-
Notes payable, current portion	106,332	100,932
Total current liabilities	<u>1,217,197</u>	<u>880,930</u>
Non-Current Liabilities:		
Notes payable, non-current portion	<u>3,918,261</u>	<u>4,797,557</u>
Total liabilities	5,135,458	5,678,487
Net Assets:		
Without donor restrictions	5,425,362	3,437,428
With donor restrictions	3,928,532	3,463,712
Total net assets	<u>9,353,894</u>	<u>6,901,140</u>
Total Liabilities and Net Assets	<u><u>\$ 14,489,352</u></u>	<u><u>\$ 12,579,627</u></u>

See notes to audited financial statements.

SAN ANTONIO METROPOLITAN MINISTRY, INC.

Statements of Activities

Years Ended September 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support						
Government grants	\$ 6,435,419	\$ -	\$ 6,435,419	\$ 5,195,547	\$ -	\$ 5,195,547
Contributions	5,245,392	-	5,245,392	2,996,085	1,110,603	4,106,688
PPP grant	766,700	-	766,700	-	-	-
Other grants	1,346,315	1,305,477	2,651,792	1,891,668	-	1,891,668
Total public support	13,793,826	1,305,477	15,099,303	10,083,300	1,110,603	11,193,903
Revenue						
Rental income	240,853	-	240,853	170,746	-	170,746
(Loss) gain on disposal of long-term assets	(23,258)	-	(23,258)	10,216	-	10,216
Unrealized gain (loss) on investments	87,357	-	87,357	(32,963)	-	(32,963)
Realized gain on investments	195,686	-	195,686	143,703	-	143,703
Interest and dividends	54,766	-	54,766	61,441	-	61,441
In-kind contributions	1,499,172	-	1,499,172	1,699,538	-	1,699,538
Special events, net of expenses	-	-	-	101,047	-	101,047
Other income	190,846	-	190,846	134,629	-	134,629
Total revenue	2,245,422	-	2,245,422	2,288,357	-	2,288,357
Total public support and revenue	16,039,248	1,305,477	17,344,725	12,371,657	1,110,603	13,482,260
Expenses						
Program services	12,133,564	-	12,133,564	10,437,883	-	10,437,883
Management and general	1,142,910	-	1,142,910	814,882	-	814,882
Fundraising	1,615,497	-	1,615,497	1,507,605	-	1,507,605
Total expenses	14,891,971	-	14,891,971	12,760,370	-	12,760,370
Change in Net Assets	1,147,277	1,305,477	2,452,754	(388,713)	1,110,603	721,890
Net assets released from restrictions	840,657	(840,657)	-	922,148	(922,148)	-
Net assets at beginning of year	3,437,428	3,463,712	6,901,140	2,903,993	3,275,257	6,179,250
Net Assets at End of Year	<u>\$ 5,425,362</u>	<u>\$ 3,928,532</u>	<u>\$ 9,353,894</u>	<u>\$ 3,437,428</u>	<u>\$ 3,463,712</u>	<u>\$ 6,901,140</u>

See notes to audited financial statements.

SAN ANTONIO METROPOLITAN MINISTRY, INC.

Statement of Functional Expenses

Year Ended September 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes, and benefits	\$ 4,255,905	\$ 368,000	\$ 776,557	\$ 5,400,462
Advertising and promotion	-	100	192,763	192,863
Bad debt expense	31,045	335	-	31,380
Client services	4,794,503	160	315	4,794,978
Client services, pass through	1,478,648	-	-	1,478,648
Small equipment and leases	195,535	51,920	60,682	308,137
Contract and professional services	212,850	143,420	16,573	372,843
Insurance	52,352	26,855	3,547	82,754
Maintenance and repair	127,235	48,477	5,552	181,264
Travel	47,016	113	1,820	48,949
Utilities and communications	214,941	54,056	28,156	297,153
Printing and postage	6,051	2,317	86,602	94,970
Direct mail	-	-	342,730	342,730
Rent	69,713	2,795	35,118	107,626
Resources	89,388	24,807	9,162	123,357
Security	216,508	8,541	420	225,469
Vehicle	31,716	3,522	6,409	41,647
Interest	-	194,283	-	194,283
Investment fees	-	28,130	-	28,130
Property taxes	-	52,680	-	52,680
Miscellaneous	665	21,226	47,718	69,609
Depreciation	309,493	111,173	1,373	422,039
	<u>\$ 12,133,564</u>	<u>\$ 1,142,910</u>	<u>\$ 1,615,497</u>	<u>\$ 14,891,971</u>
Total expenses	<u>\$ 12,133,564</u>	<u>\$ 1,142,910</u>	<u>\$ 1,615,497</u>	<u>\$ 14,891,971</u>

See notes to audited financial statements.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Statement of Functional Expenses
Year Ended September 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes, and benefits	\$ 3,589,836	\$ 261,917	\$ 735,683	\$ 4,587,436
Advertising and promotion	50	45	119,201	119,296
Bad debt expense	4,424	-	3,000	7,424
Client services	3,960,911	-	-	3,960,911
Client services, pass through	1,687,155	12,578	-	1,699,733
Small equipment and leases	83,049	30,907	48,108	162,064
Contract and professional services	143,688	111,703	34,373	289,764
Insurance	60,935	6,759	4,726	72,420
Maintenance and repair	109,428	19,422	2,622	131,472
Travel	62,404	785	3,231	66,420
Utilities and communications	221,055	53,442	27,971	302,468
Printing and postage	2,181	2,669	91,654	96,504
Direct mail	-	-	364,484	364,484
Rent	36,759	6,639	30,448	73,846
Resources	19,904	7,839	7,838	35,581
Security	120,083	420	906	121,409
Vehicle	21,431	5,230	9,406	36,067
Interest	-	169,889	-	169,889
Investment fees	-	19,067	-	19,067
Miscellaneous	483	17,735	22,581	40,799
Depreciation	314,107	87,836	1,373	403,316
	<u>\$ 10,437,883</u>	<u>\$ 814,882</u>	<u>\$ 1,507,605</u>	<u>\$ 12,760,370</u>
Special events costs not included above:				
Planning, management, and catering			\$ 4,622	
Audio visual			46,259	
Advertising and promotion			4,063	
Other direct costs			2,406	
			<u>\$ 57,350</u>	

See notes to audited financial statements.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Statements of Cash Flows
Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Activities		
Change in net assets	\$ 2,452,754	\$ 721,890
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Net (gain) on investments	(283,043)	(110,740)
PPP loan forgiveness	(766,700)	-
Depreciation	422,039	403,316
Loss on disposal of property and equipment	23,269	-
Change in operating assets and liabilities:		
Accounts receivable	(566,012)	(205,138)
Pledges receivable	(1,692,142)	671,388
Prepaid expenses	(83,996)	(26,370)
Deposits and other assets	(7,080)	21,806
Deferred liability	213,119	(75,517)
Accounts payable and accrued expenses	117,748	(79,895)
Net cash (used) provided by operating activities	<u>(170,044)</u>	<u>1,320,740</u>
Investing Activities		
Net investment activity	(137,565)	4,646
Purchases of property and equipment	(373,595)	(4,401,148)
Net cash (used) by investing activities	<u>(511,160)</u>	<u>(4,396,502)</u>
Financing Activities		
Borrowings on notes payable and line of credit	-	4,500,000
Receipt of PPP loan	-	766,700
Principal payments on notes payable and line of credit	(107,196)	(1,103,760)
Net cash (used) provided by financing activities	<u>(107,196)</u>	<u>4,162,940</u>
Net change in cash and cash equivalents	(788,400)	1,087,178
Cash and cash equivalents, beginning of year	<u>1,117,752</u>	<u>30,574</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 329,352</u></u>	<u><u>\$ 1,117,752</u></u>
Supplemental Disclosures		
Cash paid for interest	\$ 194,997	\$ 169,889
Cash paid for income taxes	-	-

See notes to audited financial statements.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Financial Statements
September 30, 2021 and 2020

NOTE A – ORGANIZATION

Organization: San Antonio Metropolitan Ministry, Inc. (the Organization) dba, 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:

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. SAMMinistries served 413 unduplicated individuals who, on average, had experienced 13 months of homelessness; 57% accepted the next higher level of care; and 32% of those secured permanent housing in fiscal year 2021.

Shelter Services: SAMMinistries administers shelter services for people without housing who are unable to be housed at other local shelters. In fiscal year 2021, 71 individuals were housed; 61% enrolled in one or more core services; and 54% exited to permanent housing.

Prevention Services: SAMMinistries provides homeless prevention services to Bexar and surrounding counties by providing financial assistance and case management to families and individuals at risk of immediate homelessness. SAMMinistries served 1,020 households and prevented 2,452 individuals from becoming homeless in fiscal year 2021. 99% of those assisted maintained housing for 12 months. With a combination of private and public funding, SAMMinistries has become the largest provider and a community leader in the area of homeless prevention services.

Rapid Re-Housing (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 wrap-around services provided by SAMMinistries, including financial assistance with educational and vocational programs and/or college scholarships. SAMMinistries housed 309 households made up of 543 formerly homeless individuals in fiscal year 2021. 93% of those assisted maintained housing for 12 months.

Transitional Services: SAMMinistries' Transitional Living and Learning Center provides residential services, intensive case management, life skills, job skills/education training, child care, mental and physical health services, and support for victims of crime for 78 families (259 individuals) in fiscal year 2021. 89% of household exited to permanent housing and 96% of former residents maintained housing for two years after exiting.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Financial Statements
September 30, 2021 and 2020

NOTE A – ORGANIZATION – continued

Permanent Supportive Housing Program (PSH): PSH is an innovative program whose goal is to provide a supportive environment for chronically homeless families and individuals while helping them attain the highest level of self-sufficiency. Households must have a member with a qualifying disability to be eligible. SAMMinistries housed 178 households made up of 382 formerly homeless individuals in fiscal year 2021. Ninety-eight percent of those housed remained housed two years after receiving permanent housing.

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 106 households made up of 441 individuals during the fiscal year 2021.

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Net assets, support and revenues, 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: Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs are generally not considered “restricted” under GAAP, though for internal reporting the Organization tracks such grants and contributions to verify the disbursement matches the intent.

With Donor Restrictions: Net assets with donor restrictions are subject to donor-imposed restrictions that are more restrictive than SAMMinistries’ mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition: Gifts of cash and other assets are recorded as revenue when received or unconditionally pledged. They are reported as restricted 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 unrestricted support in the same reporting year.

Gifts of equipment are reported as unrestricted 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 restricted 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.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Financial Statements
September 30, 2021 and 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

Accounts Receivable: Accounts receivable are reported at outstanding principal, net of an allowance for doubtful accounts. No allowance for doubtful accounts was required at September 30, 2021 and 2020. 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, 2021 and 2020. All pledges receivable at September 30, 2021 and 2020 are due in less than one year.

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 Fidelity Investments 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 39 years for buildings and improvements) or the remaining term of the lease (see Note C).

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 10,518 in 2021 and 17,064 hours in 2020. 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 organizations exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, and are not "private foundations" 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 Organizations are 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 four years remain subject to examination by the Internal Revenue Service.

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.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Financial Statements
September 30, 2021 and 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

Advertising: Advertising costs are expensed as incurred and totaled \$192,862 in 2021 and \$119,296 in 2020.

Joint Costs: Special event expenses totaled \$-0- in 2021 and \$57,350 in 2020 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 \$19,500, plus \$6,500 for participants aged 50 and over, of their compensation to the Plan. SAMMinistries provided matching and discretionary contributions of \$83,438 in 2021 and \$82,357 in 2020.

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

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.

New Accounting Pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2021. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

In September 2020, the FASB issued ASU No. 2020-07 *Not-for-Profit: Presentation and Disclosures by Not-for-Profit entities for Contributed Nonfinancial Assets* to increase the transparency of contributed non-financial assets by enhancing the presentation and disclosures. The update includes the presentation of contributed non-financial assets as a separate line item in the statement of activities while disclosing disaggregated information about the types of contributed non-financial assets, how the contribution was used and various other disclosures. The effective date is for periods beginning after June 15, 2021 with early adoption permitted. Management does not expect the new standard to have a significant impact on its statement of activities and related disclosures.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Financial Statements
September 30, 2021 and 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Recently Adopted Accounting Pronouncement: The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* which clarified how the new revenue recognition standard applied to not-for-profit organizations and is effective for periods beginning after December 15, 2018. The Organization adopted this new pronouncement effective October 1, 2019 using the modified retrospective method. While adoption of this standard required additional disclosures, adoption did not have a significant impact on the financial statements and no adjustments were made to prior periods.

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.

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor’s report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

Reclassifications: Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no effect on the previously reported change in net assets.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 631,863	\$ 631,863
Buildings and improvements	9,700,452	9,727,205
Leasehold improvements	88,626	362,972
Furniture, equipment, and software	946,738	2,396,675
Vehicles	266,018	187,543
Construction in progress	105,112	-
Total fixed assets	<u>11,738,809</u>	<u>13,306,258</u>
Less: accumulated depreciation	<u>(4,473,864)</u>	<u>(5,969,600)</u>
Fixed assets, net	<u>\$ 7,264,945</u>	<u>\$ 7,336,658</u>

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Financial Statements
September 30, 2021 and 2020

NOTE D – 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 a temporarily restricted contribution in the period the gift was made.

Subsequent changes to that estimated value are also recorded as temporarily restricted gains or losses. The change in the valuation resulted in a gain of \$4,098 and \$1,760 in 2021 and 2020, respectively. The asset is recorded at its fair value of \$116,060 and \$112,430 at September 30, 2021 and 2020, as real estate with grantor-retained life estate in the statement of financial position. The asset is recorded at net of a liability of \$39,491 and \$40,009 in 2021 and 2020, respectively, to make required tax distributions to the donor, which are calculated utilizing actuarial assumptions that take into account the donor’s life expectancy and a discount rate of 5.6%.

NOTE E – LONG-TERM DEBT AND LINE OF CREDIT

	<u>2021</u>	<u>2020</u>
Note payable with Broadway Bank, with interest at 4.21%, monthly payments of \$18,235 plus interest, secured by the building, maturing January 2045.	\$ 3,248,119	\$ 3,328,262
Note payable with a non-profit organization, with interest at 7%, monthly installments of \$6,357, secured by the building, maturing January 2035.	776,474	803,527
PPP loan payable to Broadway Bank. Forgiven in 2021. See below.	<u>-</u>	<u>766,700</u>
	<u>\$ 4,024,593</u>	<u>\$ 4,898,489</u>

Maturities of long-term debt will result in the following principal requirements:

<u>Year Ending September 30,</u>	
2022	\$ 106,332
2023	111,562
2024	117,064
2025	122,853
2026	128,946
Thereafter	<u>3,437,836</u>
	<u>\$ 4,024,593</u>

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Financial Statements
September 30, 2021 and 2020

NOTE E – LONG-TERM DEBT AND LINE OF CREDIT - continued

Paycheck Protection Program: SAMMinistries received funding under the Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), administered by the U.S. Small Business Administration (SBA). The loan proceeds were used for qualifying expenses as described in the CARES Act, such as payroll costs, benefits, rent, and utilities. The Organization applied for forgiveness and on November 16, 2020, the SBA fully approved the Organization’s application. The PPP grant of \$766,700 is shown as revenue in year ended September 30, 2021. The PPP loan borrowings are reported as a financing activity on the statement of cash flows in 2020. Non-cash loan forgiveness is reported as an adjustment to change in net assets in net cash (used) provided by operating activities in 2021.

Line of Credit: SAMMinistries has a line of credit of \$1,000,000. The line of credit is effective until March 31, 2022, with a 1.75% over prime. There was no outstanding balance at September 30, 2021 and 2020. This line of credit is secured by the bank’s right of offset against SAMMinistries’ accounts with the bank.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at September 30:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose:		
Education, earnings on endowment not expended	\$ 155,612	\$ 182,295
Education, other	85,015	38,107
Children-related expenditures	150,000	143,115
Families and Housing Prevention	514,577	226,211
Time restricted - life estate, net of related liability	142,906	135,112
TLLC Building renovations	48,000	48,000
Senior homeless prevention	187	187
Veterans Affairs	166,899	165,857
Health and wellness	45,522	45,048
EIP program	52,187	20,608
Various programs	<u>120,665</u>	<u>12,210</u>
Total subject to expenditure for specific purpose	1,481,570	1,016,750
Subject to SAMM Ministries spending policy and appropriations:		
Investment in perpetuity which, once appropriated, is expendable to support education	<u>2,446,962</u>	<u>2,446,962</u>
	<u><u>\$ 3,928,532</u></u>	<u><u>\$ 3,463,712</u></u>

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Financial Statements
September 30, 2021 and 2020

NOTE G – 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.

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:

Money Market Funds and Certificates of Deposit: Valued at cost plus accrued interest.

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

Corporate and Municipal Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities.

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

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.
Notes to Audited Financial Statements
September 30, 2021 and 2020

NOTE G – FAIR VALUE MEASUREMENTS - continued

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

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
<i>September 30, 2021:</i>				
Investments:				
Money market funds	\$ 31,090	\$ -	\$ -	\$ 31,090
Certificates of deposit	75,042	-	-	75,042
Mutual funds	635,610	-	-	635,610
Exchange traded funds	118,105	-	-	118,105
Corporate bonds	-	233,844	-	233,844
Municipal bonds	-	244,001	-	244,001
U.S government securities	237,806	-	-	237,806
Equity securities	1,548,915	-	-	1,548,915
	<u>2,646,568</u>	<u>477,845</u>	<u>-</u>	<u>3,124,413</u>
Real estate with grantor-retained life estate	-	-	191,470	191,470
	<u>-</u>	<u>-</u>	<u>191,470</u>	<u>191,470</u>
Total investments at fair value	<u>\$ 2,646,568</u>	<u>\$ 477,845</u>	<u>\$ 191,470</u>	<u>\$ 3,315,883</u>
<i>September 30, 2020:</i>				
Investments:				
Money market funds	\$ 51,462	\$ -	\$ -	\$ 51,462
Mutual funds	316,796	-	-	316,796
Exchange traded funds	74,229	-	-	74,229
Corporate bonds	-	501,144	-	501,144
Municipal bonds	-	316,013	-	316,013
U.S government securities	413,156	-	-	413,156
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
	<u>-</u>	<u>-</u>	<u>184,390</u>	<u>184,390</u>
Total investments at fair value	<u>\$ 1,886,648</u>	<u>\$ 817,157</u>	<u>\$ 184,390</u>	<u>\$ 2,888,195</u>

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Financial Statements
September 30, 2021 and 2020

NOTE G – FAIR VALUE MEASUREMENTS – continued

The following table sets forth a summary of changes in the fair value of SAMMinistries' Level 3 asset:

	<u>Real Estate with Grantor-Retained Life Estate</u>
Balance at October 1, 2019:	\$ 176,750
Realized gains	-
Unrealized gain relating to instruments held at year-end	7,640
Net of purchases, sales, issuances, and settlements	<u>-</u>
Balance at September 30, 2020	184,390
Realized gains	-
Unrealized gain relating to instruments held at year-end	7,080
Net of purchases, sales, issuances, and settlements	<u>-</u>
Balance at September 30, 2021	<u><u>\$ 191,470</u></u>

NOTE H – CONTRIBUTIONS AND DONATED MATERIALS AND SERVICES

Contributions of cash by major category are as follows for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Member congregation donations	\$ 65,043	\$ 128,997
Business donations	131,614	401,462
Individual donations	4,282,146	2,575,498
Bequests	639,548	875,000
United Way	<u>127,041</u>	<u>125,731</u>
Total	<u><u>\$ 5,245,392</u></u>	<u><u>\$ 4,106,688</u></u>

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Financial Statements
September 30, 2021 and 2020

NOTE H – 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>2021</u>	<u>2020</u>
Clothing, blankets, food, etc.	\$ 737,481	\$ 979,423
Professional services	4,850	48,457
Housing and utility assistance	739,667	671,658
Vehicle	<u>17,174</u>	<u>-</u>
Total	<u>\$ 1,499,172</u>	<u>\$ 1,699,538</u>

NOTE I – 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>2021</u>	<u>2020</u>
U.S. Department of Housing and Urban Development (HUD):		
Direct funding	\$ 3,439,665	\$ 3,378,268
Passed Through:		
City of San Antonio (Emergency Solutions Grant Program)	565,700	461,697
City of San Antonio (General Fund)	280,236	111,377
City of San Antonio (CARES Fund)	515,554	-
Bexar County (CARES Fund)	323,112	-
Texas Department of Housing and Community Affairs (Emergency Solutions Grant Program)	280,003	171,344
U.S. Department of Treasury:		
Bexar County Technology Grant (CARES)	70,009	-
U.S. Department of Homeland Security:		
Emergency Food and Shelter Program (Phase 34)	57,386	22,387
Texas Veterans Commission (Series XV-A General Assistance)	286,625	236,051
State of Texas Governor's Office (Victims of Crime Program)	526,321	686,479
Bexar County (Emergency Solutions Grant Program)	-	8,612
Bexar County (EIP Program)	37,995	61,387
City of San Antonio (Department of Human Services - General Fund)	17,307	22,674
Health and Human Services (Community Mental Health)	<u>35,506</u>	<u>35,271</u>
Total	<u>\$ 6,435,419</u>	<u>\$ 5,195,547</u>

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Financial Statements
September 30, 2021 and 2020

NOTE J – 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.

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 making a determination 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.

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 or perpetual duration. There were no deficiencies of this nature for September 30, 2021 or 2020.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Financial Statements
September 30, 2021 and 2020

NOTE J – ENDOWMENTS - continued

	<u>Donor- Restricted Expendable</u>	<u>Donor- Restricted Endowment</u>	<u>Total</u>
Endowment at September 30, 2019	\$ 182,295	\$ 2,446,962	\$ 2,629,257
Contributions	-	-	-
Dividends and interest, net	62,862	124,807	187,669
Net (depreciation)	(3,630)	(38,075)	(41,705)
(Withdrawals)	(8,268)	(86,732)	(95,000)
Reclassifications	<u>-</u>	<u>-</u>	<u>-</u>
Endowment at September 30, 2020	233,259	2,446,962	2,680,221
Contributions	-	-	-
Dividends and interest, net	18,421	193,242	211,663
Net appreciation	6,592	69,156	75,748
Appropriations (withdrawals)	169,464	(262,398)	(92,934)
Reclassifications	<u>-</u>	<u>-</u>	<u>-</u>
Endowment at September 30, 2021	<u>\$ 427,736</u>	<u>\$ 2,446,962</u>	<u>\$ 2,874,698</u>

All endowment funds are donor-restricted at September 30, 2021 and 2020.

NOTE K – OPERATING LEASES

SAMMinistries leases office and warehouse spaces at the Haven for Hope facility as well as office space for its administrative operations. 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.

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

<u>Year Ended September 30,</u>	<u>Amount</u>
2022	\$ 199,625
2023	211,299
2024	180,228

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Financial Statements
September 30, 2021 and 2020

NOTE L – CURRENT ECONOMIC CONDITIONS

As a result of the COVID-19 outbreak in the United States, economic uncertainties have arisen which could impact the Organization's operations. Mandated and voluntary closings have caused various business disruptions and created volatility in the economy. While these disruptions are currently expected to be temporary, there is considerable uncertainty around the duration or the effect on the stock market. Any related financial impact and duration cannot be reasonably estimated at this time.

NOTE M – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

SAMMinistries has approximately \$3.7 million of financial assets available to meet cash needs for general expenditures within one year. This consists of cash, accounts receivable, and pledges receivable. The pledges receivable are subject to implied time restrictions but are expected to be collected within one year based on normal operations. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures. The Organization also has a line of credit in the amount of \$1 million which is available for operations and unanticipated liquidity needs. SAMMinistries has sufficient financial assets available with normal levels of operations to meet its financial obligations for general expenditures for the next year.

NOTE N – SUBSEQUENT EVENT

In November 2021, SAMMinistries purchased an apartment building for approximately \$5.1 million. The purchase was financed with a note payable from Jefferson Bank of \$5.1 million, due in monthly interest only payments of 2.35% beginning in December 2021. The outstanding principal and unpaid interest are due on maturity in November 2022.

**SAN ANTONIO METROPOLITAN
MINISTRY, INC.**

Single Audit Reports

September 30, 2021



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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
San Antonio Metropolitan Ministry, Inc.
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. dba SAMMinistries (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, 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 27, 2022.

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

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

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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 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ADKF, PC
ADKF, P.C.
San Antonio, Texas
January 27, 2022



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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE* AND THE *TEXAS UNIFORM GRANT MANAGEMENT STANDARDS*

To the Board of Directors
San Antonio Metropolitan Ministry, Inc.
San Antonio, Texas

Report on Compliance for Each Major Federal and State Program

We have audited San Antonio Metropolitan Ministry, Inc. dba SAMMinistries’ compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and *Texas Uniform Grant Management Standards* that could have a direct and material effect on each of SAMMinistries’ major federal and state programs for the year ended September 30, 2021. SAMMinistries’ major federal and 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 federal and state statues, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of SAMMinistries’ major federal and 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; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Texas Uniform Grant Management Standards*. Those standards, Uniform Guidance and *Texas Uniform Grant Management Standards* 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 and 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 and state program. However, our audit does not provide a legal determination of SAMMinistries’ compliance.

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Opinion on Each Major Federal and 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 and state programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of SAMMinistries is responsible for establishing and maintaining effective 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 and 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 and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and *Texas Uniform Grant Management Standards*, 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 Uniform Guidance and *Texas Uniform Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

ADKF, PC
ADKF, P.C.
San Antonio, Texas
January 27, 2022

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2021

<u>Federal Grant/Pass-Through Grant/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grant or Grant Number</u>	<u>Federal Expenditures</u>
<i>FEDERAL AWARDS</i>			
<u>U.S. Department of Housing and Urban Development:</u>			
Continuum of Care Program			
Housing First	14.267	TX0012L6J001912	\$ 1,043,050
Housing First	14.267	TX0012L6J002013	269,745
Transitional Services	14.267	TX0012L6J001912	446,047
Transitional Services	14.267	TX0012L6J002013	42,366
Rapid Re-housing	14.267	TX0358L6J001805	14,340
Rapid Re-housing	14.267	TX0358L6J001906	141,334
Permanent Supportive Housing	14.267	TX0279L6J001907	178,429
Permanent Supportive Housing	14.267	TX0279L6J002008	93,065
Chronically Homeless Singles	14.267	TX0434L6J001903	1,147,420
Chronically Homeless Singles	14.267	TX0434L6J002004	63,869
Total Assistance Listing Number 14.267			3,439,665
Emergency Solutions Grant Program			
Pass-through from:			
City of San Antonio:			
Emergency Solutions Grant Program	14.231	4500434529	448,806
Emergency Solutions Grant Program	14.231	2021-06-17-0446	116,894
Bexar County:			
COVID-19 - CARES Bexar County	14.231	E-20-UW-48-0500	323,112
Texas Department of Housing and Community Affairs:			
COVID-19 - CARES Emergency Solutions Grant Program	14.231	E-20-DW-48-0001	66,349
Emergency Solutions Grant Program	14.231	42195000003	213,654
Total Assistance Listing Number 14.231			1,168,815
Community Development Block Grants/Entitlement Grants			
Pass-through from:			
City of San Antonio:			
COVID-19 - CARES Community Development Block Grant	14.218	4500434931	372,272
COVID-19 - CARES Street Outreach	14.218	4500434932	143,282
Community Development Block Grant	14.218	4600020144	165,064
Community Development Block Grant	14.218	2021-06-17-0446	115,172
Total Assistance Listing Number 14.218			795,790
Total U.S. Department of Housing and Urban Development			5,404,270

See Notes to Schedule of Expenditures of Federal and State Awards

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2021

<u>Federal Grant/Pass-Through Grant/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grant or Grant Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Homeland Security:</u>			
Pass-through from:			
United Way of San Antonio & Bexar County:			
COVID-19 - CARES Emergency Food and Shelter National Board Program	97.024	Phase CARES	\$ 15,000
Emergency Food and Shelter National Board Program	97.024	Phase 37	7,386
Emergency Food and Shelter National Board Program	97.024	Phase 38	35,000
Total Assistance Listing Number 97.024			<u>57,386</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,461,656</u></u>
<u>State Grantor/Pass-Through Grantor/ Program or Cluster Title</u>		<u>Entity Identifying Number</u>	<u>State Expenditures</u>
STATE AWARDS			
<u>Texas Veterans Commission</u>			
Series XV-A General Assistance		FVA19-032	\$ 260,941
Series XV-A General Assistance		GT-FVA20-013	25,684
Total for Texas Veterans Commission			<u>286,625</u>
<u>State of Texas Governors' Office</u>			
Victims of Crime Act		3064603	153,435
Victims of Crime Act - Transitional Housing Initiative		3534601	372,886
Total for State of Texas Governors' Office			<u>526,321</u>
<u>Health and Human Services Community Mental Health</u>			
Health and Human Services Community Mental Health		HB 13 CMBG	35,506
Total Expenditures of State Awards			<u><u>\$ 848,452</u></u>

See Notes to Schedule of Expenditures of Federal and State Awards

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal and state grant activity of San Antonio Metropolitan Ministry, Inc. dba SAMMinistries under programs of the federal and state government for the year ended September 30, 2021. The information in the Schedule is presented in accordance with the requirements of the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Texas Uniform Grant Management Standards*. 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

All of SAMMinistries’ federal and state awards were in the form of cash assistance for the year ended September 30, 2021. SAMMinistries had no federal or state funded insurance programs or loan guarantees during the year ended September 30, 2021.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Such expenditures are recognized following the cost principles contained in 2CFR Section 200.502 wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

SAMMinistries used an indirect cost rate of 10%.

NOTE D – RECONCILIATION TO AUDITED FINANCIAL STATEMENTS

Total expenditures of federal awards	\$ 5,461,656
Total expenditure of state awards	848,452
Non-federal or state program revenue	<u>125,311</u>
 Total Government grants per Statement of Activities	 <u>\$ 6,435,419</u>

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

<u>Section I - Summary of Auditors' Results</u>	<u>Description</u>
<i>Financial Statements</i>	
Type of independent auditor's report	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified	None reported
Noncompliance material to financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified	None reported
Type of independent auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance?	No
Major Federal Programs:	
<u>Name of Federal Program or Cluster</u>	<u>AL #</u>
Emergency Solutions Grant Program	14.231
Community Development Block Grant Program	14.218
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

State Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified	None reported
Type of independent auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance and Texas Uniform Grant Management Standards?	No
Major State Programs:	
<u>Name of State Program or Cluster</u>	<u>ID Number</u>
Victims of Crimes Act	3064603
Victims of Crimes Act - Transitional Housing Initiative	3534601
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings

None

Section III – State Awards Findings

None