

TARRANT COUNTY  
SAMARITAN HOUSING, INC.

Consolidated Financial Statements &  
Independent Auditor's Report  
Year Ended September 30, 2008

Wood, Stephens & O'Neil, L.L.P.  
Certified Public Accountants

December 18, 2008

Unqualified Opinion on Financial Statements and  
Supplementary Schedule of Expenditures of Federal Awards

Independent Auditor's Report

Board of Directors  
Tarrant County Samaritan Housing, Inc.

We have audited the accompanying consolidated statement of financial position of Tarrant County Samaritan Housing, Inc., a nonprofit organization, as of September 30, 2008 and 2007, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Tarrant County Samaritan Housing, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tarrant County Samaritan Housing, Inc. as of September 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008 on our consideration of Tarrant County Samaritan Housing, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

*Wood, Stephens & O'Neil, L.L.P.*

**TARRANT COUNTY SAMARITAN HOUSING, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2008 AND 2007**

	Samaritan Housing, Inc. 501(c)3	Samaritan Housing Property, Inc. 501(c)2	Eliminations	Consolidated totals	
				2008	2007
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 160,451	\$ 128	\$ -	\$ 160,579	\$ 232,905
Grants and pledge receivables	162,852	-	-	162,852	171,290
Related entity receivable	235,008	99,156	334,164	-	-
Developer fees receivable	147,652	-	-	147,652	-
Due from Hemphill Samaritan, L.P.	9,751	-	-	9,751	-
Prepaid rent to related entity	815,581	-	833,247	(17,666)	-
Deposits and other prepaid expenses	17,531	-	-	17,531	21,826
Property and equipment	9,286	1,871,359	-	1,880,645	1,929,464
<b>TOTAL ASSETS</b>	<u>\$ 1,558,112</u>	<u>\$ 1,970,643</u>	<u>\$ 1,167,411</u>	<u>\$ 2,361,344</u>	<u>\$ 2,355,485</u>
<b>LIABILITIES:</b>					
Accounts payable	58,556	-	-	58,556	4,741
Due to Hemphill Samaritan, L.P.	73,187	-	-	73,187	75,060
Other accrued liabilities	58,942	-	-	58,942	67,723
Related entity payable	99,156	235,008	334,164	-	-
Unearned lease income from related entity	-	815,581	833,247	(17,666)	-
Unearned sublease income - Hemphill Samaritan, L.P.	815,581	-	-	815,581	833,247
Notes payable	25,000	-	-	25,000	25,000
<b>TOTAL LIABILITIES</b>	<u>1,130,422</u>	<u>1,050,589</u>	<u>1,167,411</u>	<u>1,013,600</u>	<u>1,005,771</u>
<b>NET ASSETS:</b>					
Unrestricted	399,690	920,054	-	1,319,744	1,349,714
Temporarily restricted	28,000	-	-	28,000	-
Permanently restricted	-	-	-	-	-
<b>TOTAL NET ASSETS</b>	<u>427,690</u>	<u>920,054</u>	<u>-</u>	<u>1,347,744</u>	<u>1,349,714</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 1,558,112</u>	<u>\$ 1,970,643</u>	<u>\$ 1,167,411</u>	<u>\$ 2,361,344</u>	<u>\$ 2,355,485</u>

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

**TARRANT COUNTY SAMARITAN HOUSING, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	Samaritan Housing, Inc. 501(c)3	Samaritan Housing Property, Inc. 501(c)2	Eliminations	Consolidated totals	
				2008	2007
<b><u>Change in Unrestricted Net Assets:</u></b>					
<b>Revenues:</b>					
Contributions, grants and other support	\$ 209,317	\$ -	\$ -	\$ 209,317	\$ 336,873
Program service government grants	1,253,712	-	-	1,253,712	1,220,988
Lease and sublease income	17,666	17,666	17,666	17,666	17,666
Developer fee income	147,652	-	-	147,652	-
Management fee income - Hemphill Samaritan, L.P.	40,497	-	-	40,497	64,349
Fundraising and special events	179,818	-	-	179,818	201,842
Less: direct fundraising and special event expenses	(127,087)	-	-	(127,087)	(69,388)
Gas lease	62,900	-	-	62,900	-
Interest and miscellaneous revenue	7,541	-	-	7,541	10,354
Net assets released from restrictions	-	-	-	-	-
<b>Total Unrestricted Revenues</b>	<b>1,792,016</b>	<b>17,666</b>	<b>17,666</b>	<b>1,792,016</b>	<b>1,782,684</b>
<b>Expenses:</b>					
Ryan White I (Part A) grant	171,738	-	-	171,738	181,056
Ryan White II (Part B) grant	100,201	-	-	100,201	88,872
HOPWA grants	546,530	-	-	546,530	522,031
Supportive Housing grants	298,814	-	-	298,814	371,629
State Services grant	107,458	-	-	107,458	57,400
Other grants & allocated program expenses	210,960	-	17,666	193,294	214,217
Fundraising	189,762	-	-	189,762	104,887
Management and administrative	165,370	-	-	165,370	226,472
Depreciation	5,046	43,773	-	48,819	50,848
<b>Total Unrestricted Expenses</b>	<b>1,795,879</b>	<b>43,773</b>	<b>17,666</b>	<b>1,821,986</b>	<b>1,817,412</b>
<b>Change in Unrestricted Net Assets</b>	<b>(3,863)</b>	<b>(26,107)</b>	<b>-</b>	<b>(29,970)</b>	<b>(34,728)</b>

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

**TARRANT COUNTY SAMARITAN HOUSING, INC.  
CONSOLIDATED STATEMENT OF ACTIVITIES, CONTINUED  
YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	Samaritan Housing, Inc. 501(c)3	Samaritan Housing Property, Inc. 501(c)2	Eliminations	Consolidated totals	
				2008	2007
<b><u>Change in Temp. Restricted Net Assets:</u></b>					
Fundraising and special events	28,000	-	-	28,000	-
Net assets released from restrictions	-	-	-	-	-
<b>Change in Temp. Restricted Net Assets</b>	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>28,000</u>	<u>-</u>
<b><u>Change in Perm. Restricted Net Assets:</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	24,137	(26,107)	-	(1,970)	(34,728)
<b>NET ASSETS, at beginning of year</b>	403,553	946,161	-	1,349,714	1,384,442
<b>NET ASSETS, at end of year</b>	<u>\$ 427,690</u>	<u>\$ 920,054</u>	<u>\$ -</u>	<u>\$ 1,347,744</u>	<u>\$ 1,349,714</u>

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

**TARRANT COUNTY SAMARITAN HOUSING, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	Ryan White I (Part A)	Ryan White II (Part B)	City of FW HOPWA	TCCD HOPWA Snap	TCCD TBLA 15	State Services	SHP TCCD	Other Grants and Allocated Program Expenses	Fundraising	Mgt. and Administrative	2008 Totals	2007 Totals
Salaries	92,601	55,435	184,529	120,732	-	82,702	164,497	77,110	101,214	112,798	991,618	987,313
Contract Labor	-	-	-	5,173	-	-	6,365	24,581	36,668	670	73,457	49,906
Fringe Benefits	24,794	10,241	23,666	20,838	-	15,007	25,881	-	10,875	13,525	144,827	135,816
Payroll Taxes	9,693	5,166	15,656	12,575	-	8,024	16,949	2,105	7,666	8,517	86,351	95,603
Travel and Automobile Expenses	1,947	-	1,843	618	-	-	1,990	2,884	7,378	7,893	24,553	20,698
Food Commodities	35,890	26,509	-	10,906	-	-	-	6,004	-	-	79,309	80,049
Insurance - General	4,523	750	6,599	1,933	-	-	-	13,368	-	1,580	28,753	23,272
Rent	-	-	-	-	-	-	-	17,666	-	-	17,666	20,723
Rental Assistance	-	-	-	124,767	81,948	-	-	6,472	-	-	213,187	202,391
Education Expenses	-	-	-	-	-	-	-	866	945	709	2,520	2,483
Telephone and Utilities	-	-	-	-	-	-	-	-	-	-	-	3,267
Storage	-	-	-	-	-	-	-	-	-	-	-	1,003
Program and Medical Supplies	2,290	2,100	895	532	-	1,725	-	18,303	-	-	25,845	4,648
Office Supplies, Postage, Printing	-	-	2,358	1,999	-	-	-	13,547	4,078	3,894	25,876	25,026
Dues, Seminars, Conferences, Fees	-	-	-	-	-	-	-	1,231	6,605	1,361	9,197	8,402
Professional Fees	-	-	6,000	-	-	-	1,184	-	-	2,066	9,250	31,497
Equipment, Repairs & Leasing	-	-	4,911	-	-	-	-	1,306	-	-	6,217	14,507
Advertising	-	-	-	-	-	-	-	-	977	130	1,107	6,183
Board Expenses and Benevon	-	-	-	-	-	-	-	3,838	13,356	2,044	19,238	37,171
Bank Charges	-	-	-	-	-	-	-	-	-	4,999	4,999	5,033
Consulting - IT	-	-	-	-	-	-	-	15,627	-	4,765	20,392	3,280
Employee & Resident Expenses	-	-	-	-	-	-	-	5,047	-	418	5,465	7,168
Licensing	-	-	-	-	-	-	-	1,005	-	1	1,006	4,410
Miscellaneous Expenses	-	-	-	-	-	-	-	-	-	-	-	14,381
<b>Totals</b>	<b>171,738</b>	<b>100,201</b>	<b>246,457</b>	<b>300,073</b>	<b>81,948</b>	<b>107,458</b>	<b>216,866</b>	<b>210,960</b>	<b>189,762</b>	<b>165,370</b>	<b>1,790,833</b>	<b>1,784,230</b>

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

**TARRANT COUNTY SAMARITAN HOUSING, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	Samaritan Housing, Inc. 501(c)3	Samaritan Housing Property, Inc. 501(c)2	Consolidated totals	
			2008	2007
<b><u>CASH FLOWS - OPERATING ACTIVITIES</u></b>				
Change in net assets	\$ 24,137	\$ (26,107)	\$ (1,970)	\$ (34,728)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	5,046	43,773	48,819	50,848
Changes in asset and liability accounts:				
Grants and pledge receivables	8,438	-	8,438	2,304
Related entity receivable/payable	(11,624)	-	(11,624)	(635)
Deposits and prepaid expenses	4,295	-	4,295	(2,847)
Accounts payable and accruals	45,034	-	45,034	86,134
Unearned lease income from related entity	-	(17,666)	(17,666)	(17,666)
Developer fees receivable	(147,652)	-	(147,652)	-
<b>Net Cash Provided By Operations</b>	<u>(72,326)</u>	<u>-</u>	<u>(72,326)</u>	<u>83,410</u>
<b><u>CASH FLOWS - INVESTING ACTIVITIES</u></b>				
Capital expenditures during year	-	-	-	(8,249)
<b>Net Cash Used For Investing Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,249)</u>
<b><u>CASH FLOWS - FINANCING ACTIVITIES</u></b>				
None	-	-	-	-
<b>Net Cash Used For Financing Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	(72,326)	-	(72,326)	75,161
Cash at beginning of year	232,777	128	232,905	157,744
Cash at end of year	<u>\$ 160,451</u>	<u>\$ 128</u>	<u>\$ 160,579</u>	<u>\$ 232,905</u>
<b><u>SUPPLEMENTAL DISCLOSURES</u></b>				
Interest paid during the fiscal year	-	-	-	-

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

# TARRANT COUNTY SAMARITAN HOUSING, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2008

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### **NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

#### **Nature of Activities**

Tarrant County Samaritan Housing, Inc. (the "Organization") was organized in Texas in June, 1991 as a nonprofit corporation to provide low-income housing and health care related services to individuals in Tarrant County impacted by AIDS who are homeless or in imminent danger of becoming homeless. The Organization's mission is to create a supportive community providing housing and resources for positive change in the lives of persons living with HIV/AIDS and other special needs. Services and assistance provided to residents include housing, nutrition, counseling, 24-hour resident care, medical case management, social service case management, substance abuse recovery, transportation, life skills training, and follow-up care. The Organization also provides off-site rental and utility financial assistance to certain eligible individuals. A large percentage of the Organization's revenue is derived from government grants.

The Organization has a long-term leasehold interest in its original residential housing facility which is owned by a separate 501(c)(2) nonprofit corporation, Samaritan Housing Property, Inc. In November, 2006, the construction of sixty-six new multifamily apartments and related office space located adjacent to the original residential housing facility was completed. The entire complex is now known as the Villages at Samaritan House. The new multifamily apartments and offices are owned by a separate limited partnership, Hemphill Samaritan, L.P. ("HSLP"). The Organization (through its ownership of Hemphill Samaritan GP, LLC) is under contract with HSLP to act as the general partner and has a .01% ownership interest in the limited partnership. The ongoing fundraising efforts for the Villages at Samaritan House are handled by the Organization. All grant funds and contributions received are used to help offset the maintenance, supportive services and overhead costs of the complex.

The Organization served as the general contractor of the apartment and office construction and entered into a subcontractor agreement with a construction contractor to build the new facilities. The Organization will receive 20% of the total developer fees on this construction project, which are expected to total approximately \$170,000. In 2005 \$25,000 of developer fees were received by the Organization. During the fiscal year ended September 30, 2008, the Organization recorded as a receivable the remaining developer fees that are expected to be received. The Organization's management anticipates receiving all such developer fees during the fiscal year September 30, 2009.

Effective September 1, 2005, the prior rental operations of the Organization's original residential housing facility were assumed by HSLP. Accordingly, HSLP was assigned the resident security deposits held by the Organization and all future rent income and rental assistance provided under the Section 8 rental assistance grant from the Fort Worth Housing Authority. HSLP has entered into a contract administration and property management agreement with the Organization. This agreement requires HSLP to pay the Organization 5% of all rent collections. In addition, HSLP has agreed to reimburse the Organization for any excess payroll and other direct and indirect costs associated with operating the complex. During the fiscal years ended September 30, 2008 and 2007, the Organization received \$40,497 and \$64,349, respectively, from HSLP for contract administration and property management fees.

### **Principles of Consolidation**

The Organization and Samaritan Housing Property, Inc. are consolidated in accordance with professional accounting standards, since the presentation of consolidated statements for commonly controlled entities is more meaningful than separate statements.

### **General**

The Organization's consolidated financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### **Financial Statement Presentation**

The Organization's consolidated financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *"Financial Statements of Not-for-Profit Organizations"*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

### **Management Estimates and Assumptions**

Management uses estimates and assumptions in preparing statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

### **Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 5 to 40 years. The Organization capitalizes all expenditures for property and equipment in excess of \$500.

### **Income Taxes**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Samaritan Housing Property, Inc. is exempt from income taxes under Section 501(c)(2) of the Internal Revenue Code.

### **Donated Equipment and Services**

The Organization records the value of donated property and equipment only when there is an objective basis available to measure their value. Donated property and equipment is reflected as contributions in the accompanying statements at their estimated values at the date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services. However, management estimates that volunteers donated approximately 7,500 hours during the fiscal year ended September 30, 2008, in the pursuit of the Organization's program services.

### **Contributions and Recognition of Donor Restrictions**

The Organization has adopted SFAS No. 116, *"Accounting for Contributions Received and Contributions Made"*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other

donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Functional Expenses**

The costs of providing the Organization’s various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain direct and indirect costs have been allocated among the programs and supporting services benefited, based on allocation percentages determined by the Organization’s management.

**Cash and Cash Equivalents**

For purposes of the consolidated statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Concentrations of Credit Risk**

Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash investments. The Organization places its cash investments in high quality financial institutions and limits the amount of credit exposure to any one institution.

**NOTE B - NOTES PAYABLE**

During the fiscal year ended September 30, 2005, the Organization obtained a \$25,000 non-interest bearing unsecured loan from the City of Fort Worth, pursuant to the Home Investment Partnership Program. The City of Fort Worth is expected to forgive the entire amount of this loan obligation after five years.

**NOTE C - PROPERTY AND EQUIPMENT**

Property and equipment at September 30, 2008 consists of the following:

	<u>Housing, Inc.</u>	<u>Property, Inc.</u>
Land	\$ -	\$ 426,830
Building and improvements	-	1,750,940
Automobile	24,999	-
Furniture and equipment	<u>163,669</u>	<u>-</u>
	188,668	2,177,770
Less: accumulated depreciation	<u>(179,382)</u>	<u>(306,411)</u>
	<u>\$ 9,286</u>	<u>\$1,871,359</u>

**NOTE D - LEASE COMMITMENTS**

The Organization had a 10-year lease agreement with Samaritan Housing Property, Inc. for the rental of the Organization’s original residential housing and office facility, which was due to expire in 2012. During the fiscal year ended September 30, 2005, the

Organization signed an amended and restated lease agreement with Samaritan Housing Property, Inc. which commenced on November 22, 2004 and expires on December 1, 2054. At the same time, the Organization signed a sublease agreement with Hemphill Samaritan, L.P. under the same lease terms. In September, 2005, as permitted under this lease agreement, the Organization exercised its option to prepay the annual rent for the entire lease term for a one-time rental payment equal to the outstanding principal and interest due on the mortgage notes held by Samaritan Housing Property, Inc. These notes were paid off by the Organization using \$883,301 of sublease proceeds funded by Hemphill Samaritan, L.P. For each of the fiscal years ended September 30, 2008 and 2007, Samaritan Housing Property, Inc. recognized \$17,666 of lease income from this transaction. Similarly, for each of the fiscal years ended September 30, 2008 and 2007, the Organization recognized \$17,666 of sublease income and offsetting lease expense from this transaction. (See Note B)

The Organization also leases various office equipment under operating leases expiring at various dates through December, 2008.

**NOTE E - RETIREMENT SAVINGS PLAN**

The Organization has a retirement savings plan, under Section 403(b) of the Internal Revenue Code, which covers substantially all employees. Under this Plan, employees may defer up to 15% of their base salary on a pre-tax basis through contributions to the Plan. No matching contributions were made by the Organization to the Plan during the fiscal years ended September 30, 2008 and 2007.

**NOTE F - RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets at September 30, 2008 consisted of \$28,000 of sponsorships proceeds for special events that will take place during the fiscal year ended September 30, 2009. At September 30, 2007, there were no assets which were temporarily restricted.

At September 30, 2008 and 2007, there were no assets which were permanently restricted.

# TARRANT COUNTY SAMARITAN HOUSING, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2008

Federal Grantor/Pass-Through  
Grantor/Program Title

**Federal  
Expenditures**

### **GRANTOR: U.S. DEPT. OF HEALTH & HUMAN SERVICES**

**Subgrantor: Tarrant County**

Ryan White I Part A (CFDA #93.914) 171,738  
Ryan White II Part B (CFDA #93.917) 100,201

Total - U.S. Dept. of Health and Human Services \$271,939

### **GRANTOR: U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT**

**Subgrantor: City of Fort Worth**

HOPWA (Housing Opportunities for Persons Living  
With AIDS) (CFDA #14.241) 246,457

**Subgrantor: Tarrant County**

HOPWA-SNAP (Housing Opportunities for Persons Living  
With AIDS) (CFDA #14.241) 300,073

**Subgrantor: Tarrant County**

Supportive Housing Program (CFDA #14.235) 298,814

**Subgrantor: Enterprise Community Partners, Inc.**

Sec. 4, Capacity Bldg. for Community Development (CFDA #14.252) 25,000

Total - U.S. Dept. of Housing and Urban Development \$870,344

TOTAL FEDERAL AWARDS \$1,142,283

**State Awards:**

Texas Dept. of State Health Services - State Services Grant  
(pass through from Tarrant County) 107,458

TOTAL GOVERNMENT GRANTS AND CONTRACTS \$1,249,741

## **Notes to Schedule of Expenditures of Federal Awards**

### **Note 1 - Basis of Presentation**

The above schedule of expenditures of federal awards includes the federal grant activity of the Organization during the year, presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

### **Note 2 - Major Programs**

The Organization's HOPWA grant is considered a major program, as defined by the OMB Circular A-133.

December 18, 2008

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*

Board of Directors  
Tarrant County Samaritan Housing, Inc.

We have audited the financial statements of Tarrant County Samaritan Housing, Inc. (the Organization), a nonprofit organization, as of and for the year ended September 30, 2008, and have issued our report thereon dated December 18, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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*.

This report is intended solely for the information and use of the Organization's Board, management, others within the Organization, and the applicable federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wood, Stephens & O'Neil, L.L.P.*

December 18, 2008

Independent Auditor's Report on Compliance With Requirements  
Applicable to Each Major Program and on Internal Control Over Compliance  
in Accordance With OMB Circular A-133

Board of Directors  
Tarrant County Samaritan Housing, Inc.

Compliance

We have audited the compliance of Tarrant County Samaritan Housing, Inc. (the Organization), a nonprofit organization, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2008. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

### Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the Organization's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Organization's Board, management, others within the Organization, and the applicable federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wood, Stephens & O'Neil, L.L.P.*

# TARRANT COUNTY SAMARITAN HOUSING, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED SEPTEMBER 30, 2008

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

#### **Financial Statements**

Type of auditor's report issued	Unqualified
Internal control over financial reporting: Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

#### **Federal Awards**

Internal control over major programs: Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Sec. 510(a)?	No

#### **Identification of major programs:**

- HOPWA - CFDA #14.241

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 Award Findings and Questioned Costs:**

None.