

SILOAM FAMILY HEALTH CENTER

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2009

SILOAM FAMILY HEALTH CENTER

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BELLENFANT + MILES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Siloam Family Health Center
Nashville, Tennessee

We have audited the accompanying statement of financial position of Siloam Family Health Center, as of June 30, 2009, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of Siloam Family Health Center. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 representation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Siloam Family Health Center, as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Bellenfant & Miles, PLLC

September 4, 2009

SILOAM FAMILY HEALTH CENTER

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009

	<u>ASSETS</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current Assets:			
Cash	\$ 416,119	\$ 324,419	\$ 740,538
Investments	234,636	1,520,739	1,755,375
Prepaid expenses	9,413	-	9,413
Accounts receivable	182,869	-	182,869
Pledges receivable, current	192,358	-	192,358
Total Current Assets	1,035,395	1,845,158	2,880,553
Property and Equipment:			
Land	291,560	-	291,560
Building	2,437,296	-	2,437,296
Furniture and equipment	175,594	-	175,594
	2,904,450	-	2,904,450
Less: Accumulated depreciation	503,264	-	503,264
Net Property and Equipment	2,401,186	-	2,401,186
Pledges Receivable, non current	141,663	-	141,663
TOTAL ASSETS	\$ 3,578,244	\$ 1,845,158	\$ 5,423,402

LIABILITIES AND NET ASSETS

Current Liabilities:			
Accounts Payable	\$ 22,284	\$ -	\$ 22,284
Deferred Revenue - Pledges, current	192,358	-	192,358
Total Current Liabilities	214,642	-	214,642
Deferred Revenue - Pledges, noncurrent	141,663	-	141,663
Total Liabilities	356,305	-	356,305
Net Assets	3,221,939	1,845,158	5,067,097
TOTAL LIABILITIES AND NET ASSETS	\$ 3,578,244	\$ 1,845,158	\$ 5,423,402

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

SILOAM FAMILY HEALTH CENTER

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 914,580	\$ 326,721	\$ 1,241,301
Service Contracts	630,436	-	630,436
Donated assets	6,000	-	6,000
Donated services	412,125	-	412,125
Patient contributions	175,605	-	175,605
Interest	28,120	-	28,120
Other (Net Endowment Income)	29,373	-	29,373
Net Assets Released from Restrictions	<u>251,624</u>	<u>(251,624)</u>	<u>-</u>
Total Support and Revenue	<u>2,447,863</u>	<u>75,097</u>	<u>2,522,960</u>
EXPENSES:			
Program Services	2,170,016	-	2,170,016
General and Administrative	155,638	-	155,638
Fundraising	108,054	-	108,054
Unrealized holding losses on investments	<u>-</u>	<u>178,132</u>	<u>178,132</u>
Total Expenses	<u>2,433,708</u>	<u>178,132</u>	<u>2,611,840</u>
CHANGE IN NET ASSETS	14,155	(103,035)	(88,880)
Net Assets, July 1, 2008	<u>3,207,784</u>	<u>1,948,193</u>	<u>5,155,977</u>
Net Assets, June 30, 2009	<u>\$ 3,221,939</u>	<u>\$ 1,845,158</u>	<u>\$ 5,067,097</u>

The accompanying notes are an integral part of these financial statements

SILOAM FAMILY HEALTH CENTER

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Private outpatient care	\$ 411,462	\$ -	\$ -	\$ 411,462
General and administrative	-	663	-	663
Accounting	-	5,000	-	5,000
Clinic supplies	47,158	9,084	2,808	59,050
Contract Labor	4,527	-	-	4,527
Continuing education	4,647	-	-	4,647
Depreciation	124,873	23,825	5,186	153,884
Dues and licenses	3,412	805	615	4,832
Development and fundraising	-	-	13,970	13,970
Employee Benefits	111,115	10,785	8,439	130,339
Facilities expense	23,296	6,089	331	29,716
Insurance – general and liability	33,974	4,052	406	38,432
Interpreter Contracts	18,628	-	-	18,628
Lab fees	95,232	-	-	95,232
Medical and lab supplies	24,747	-	-	24,747
Medical waste disposal	957	-	-	957
Payroll taxes	82,319	5,647	5,109	93,075
Postage and shipping	3,638	382	317	4,337
Utilities	22,364	520	318	23,202
Salaries	1,130,610	84,191	69,683	1,284,484
Contingencies and miscellaneous	3,865	1,841	70	5,776
Telephone	7,942	610	422	8,974
Telephone (cellular)	1,386	224	159	1,769
Workshops & travel	4,077	1,920	221	6,218
Volunteer development	9,787	-	-	9,787
	<u>\$ 2,170,016</u>	<u>\$ 155,638</u>	<u>\$ 108,054</u>	<u>\$ 2,433,708</u>

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

SILOAM FAMILY HEALTH CENTER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (88,880)
Adjustments to reconcile to net cash provided by operations	
Depreciation	153,884
(Increase) decrease in:	
Prepaid Expenses	3,109
Accounts receivable	(63,007)
Pledges receivable	(54,227)
Increase (decrease) in:	
Accounts Payable	(12,496)
Deferred Revenue - building	29,227
Net cash Used by Operating Activities	<u>(32,390)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Changes of Investments	55,053
Furniture and equipment acquired	(22,651)
Book value of disposal of equipment	<u>2,339</u>
Net cash Provided by Investing Activities	<u>34,741</u>
NET INCREASE IN CASH	2,351
Cash - July 1, 2008	<u>738,187</u>
Cash - June 30, 2009	<u><u>\$ 740,538</u></u>

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

SILOAM FAMILY HEALTH CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose:

Siloam Family Health Center provides medical services on an outpatient basis to underprivileged persons who can not access medical care because of financial or language barriers. Its mission statement is to share the love of Christ by serving those in need through health care

Basis of Presentation:

Siloam Family Health Center prepares its financial statements and maintains its financial accounting records on the accrual basis of accounting.

Revenue Recognition:

Support that is restricted by the donor is 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 support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Allocation of Expenses:

Expenses are charged directly to program, general or fundraising categories based on specific identification. Indirect expenses have been allocated based on estimates of management of the Health Center

Cash:

The Health Center considers all investment instruments purchased with maturity of three months or less to be cash equivalents.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

SILOAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - continued

Property and Equipment:

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 Health Center reports expirations of donor restrictions when the donated or acquired assets are placed in services as instructed by the donor. The Health Center reclassifies temporarily restricted net assets to unrestricted net assets at that time. Purchased assets are reported at cost. Property and equipment are depreciated using the straight-line method over their useful lives of 35 years for the building and three to five years for furniture and equipment.

2. CASH

The following accounts comprise cash as of June 30, 2009:

<u>Type of Account</u>	<u>Bank</u>	<u>Amount</u>
Checking	Regions	\$ 100
Checking	Pinnacle	4,155
Checking	Pinnacle	19,809
Checking	Pinnacle	3,278
Money Market	Regions	146,831
Money Market	Bank of America	206
Money Market	Pinnacle	295,568
Money Market	Suntrust	170,291
Certificate of Deposit	Bank of America	100,000
Petty Cash		300
		<u>\$ 740,538</u>

SILOAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2009

3. IN-KIND SUPPORT AND DONATIONS

The Health Center receives donated services from a variety of unpaid volunteers assisting the Health Center in the counseling and medical programs. In accordance with SFAS No. 116, these services are accounted for at fair market value and totaled \$412,125 for the year ended June 30, 2009. The Health Center also received donated assets from a variety of sources that are accounted for at fair market value and totaled \$6,000 for the year ended June 30, 2009.

Significant medical services including, but not limited to, hospital and laboratory testing services and pharmaceutical supplies are donated to patients of Siloam Family Health Center by other providers at little or no cost to the patient. These services and products are oftentimes given at the urging of the Health Center. Because the Health Center does not directly make the contributions, the value of such services and products are not reflected in the accompanying financial statements.

4. CONCENTRATIONS OF RISK

The financial condition of all depository banks, including those with balances less than the Federal Deposit Insurance Corporation \$250,000 insured limit (until December 31, 2009), is continually reviewed by the board. At June 30, 2009, the Health Center has cash on deposit with the following banks:

Regions	250,089
Bank of America	231,684
SunTrust	220,291
Pinnacle	322,810
First Citizens	142,472
Tenn Commerce	141,400
Charles Schwab	1,186,867

These deposits exceeded the amount insured by the Federal Deposit Insurance Corporation (FDIC) by \$1,009,766

SILOAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2009

5. TEMPORARILY RESTRICTED INVESTMENTS

Temporarily restricted investments of the Endowment Fund are held at Charles Schwab. The account is managed by Lee, Danner & Bass, Inc. All temporarily restricted investments are reported at fair market value. Temporarily restricted investments consist of the following:

Corporate Bonds	\$ 571,445
Certificates of Deposit	30,500
Mutual Funds	519,179
Money Market	<u>65,743</u>
Total Endowment Fund	<u>1,186,867</u>
First Citizens Certificate of Deposit (Building Maintenance Fund)	142,472
Tenn Commerce Certificate of Deposit	141,400
Suntrust Certificate of Deposit	<u>50,000</u>
	<u>333,872</u>
Total Restricted Investments	<u>\$ 1,520,739</u>

SILOAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2009

6. FEDERAL INCOME TAX STATUS

The Health Center has been determined by the Internal Revenue Service to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes

7. TEMPORARILY RESTRICTED FUNDING

Certain contributions are received with restrictions as to their purpose. The following is a summary of temporarily restricted activities during the year ended June 30, 2009.

Contributor	Balance July 1, 2008	Revenues	Expenses	Balance June 30, 2009
Baptist Healing	\$ 157	\$ 62,500	\$ 62,677	\$ (20)
Building Fund	504,790	90,296	1,004	594,082
Endowment Fund	1,333,281	40,890	187,303 *	1,186,868
Charis Foundation	16,155	25,000	36,153	5,002
				-
Community Foundation	2,457	-	2,457	-
Frist Technology Grant	7,500	-		7,500
HCA Foundation - X-ray	32,945	-	20,077	12,868
				-
Latino Outreach	762	-	345	417
				-
Miscellaneous Restricted	77	5,335	5,359	53
Nashville Predators Foundation	-	2,700	945	1,755
Psychiatric Solutions	30,391	50,000	62,630	17,761
S Komen Foundation	19,678	50,000	50,806	18,872
	<u>\$1,948,193</u>	<u>\$ 326,721</u>	<u>\$ 429,756</u>	<u>\$ 1,845,158</u>

* Unrealized holding losses on investments are \$178,132.