

SILOAM FAMILY HEALTH CENTER

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2010

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, 2010, and the related statements 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, 2010, 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 30, 2010

SILOAM FAMILY HEALTH CENTER
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2010

	<u>ASSETS</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current Assets:			
Cash	\$ 431,382	661,737	\$ 1,093,119
Investments	600,723	1,354,709	1,955,432
Prepaid expenses	13,235	-	13,235
Accounts receivable	267,161	-	267,161
	<u>1,312,501</u>	<u>2,016,446</u>	<u>3,328,947</u>
Total Current Assets			
	<u>1,312,501</u>	<u>2,016,446</u>	<u>3,328,947</u>
Property and Equipment:			
Land	291,560	-	291,560
Building	2,437,296	-	2,437,296
Furniture and equipment	193,375	-	193,375
	<u>2,922,231</u>	<u>-</u>	<u>2,922,231</u>
Less: Accumulated depreciation	650,352	-	650,352
	<u>2,271,879</u>	<u>-</u>	<u>2,271,879</u>
Net Property and Equipment			
	<u>2,271,879</u>	<u>-</u>	<u>2,271,879</u>
TOTAL ASSETS	<u>\$ 3,584,380</u>	<u>\$ 2,016,446</u>	<u>\$ 5,600,826</u>

LIABILITIES AND NET ASSETS

Current Liabilities:			
Accounts Payable	\$ 84,625	\$ -	\$ 84,625
Accrued Expenses	13,991	-	13,991
Total Current Liabilities	<u>98,616</u>	<u>-</u>	<u>98,616</u>
Total Liabilities	98,616	-	98,616
Net Assets	<u>3,485,764</u>	<u>2,016,446</u>	<u>5,502,210</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,584,380</u>	<u>\$ 2,016,446</u>	<u>\$ 5,600,826</u>

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

SILOAM FAMILY HEALTH CENTER

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 1,005,660	\$ 286,559	\$ 1,292,219
Service Contracts	1,035,640	-	1,035,640
Donated assets	800	-	800
Donated services	406,119	-	406,119
Patient contributions	143,997	-	143,997
HCC Billings	38,833	-	38,833
Interest	18,403	-	18,403
Net Endowment Income	37,017	-	37,017
Realized and Unrealized Net Investment Gain	-	82,814	82,814
Net Assets Released from Restrictions	<u>198,085</u>	<u>(198,085)</u>	<u>-</u>
Total Support and Revenue	<u>2,884,554</u>	<u>171,288</u>	<u>3,055,842</u>
EXPENSES:			
Program Services	2,317,245	-	2,317,245
General and Administrative	177,768	-	177,768
Fundraising	<u>125,716</u>	<u>-</u>	<u>125,716</u>
Total Expenses	<u>2,620,729</u>	<u>-</u>	<u>2,620,729</u>
CHANGE IN NET ASSETS	263,825	171,288	435,113
Net Assets, July 1, 2009	<u>3,221,939</u>	<u>1,845,158</u>	<u>5,067,097</u>
Net Assets, June 30, 2010	<u>\$ 3,485,764</u>	<u>\$ 2,016,446</u>	<u>\$ 5,502,210</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, 2010

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Private outpatient care	\$ 403,221	\$ -	\$ -	\$ 403,221
General and administrative	-	2,898	-	2,898
Accounting	650	5,850	-	6,500
Clinic supplies	38,505	10,615	2,440	51,560
Contract Labor	7,120	-	-	7,120
Continuing education	919	-	-	919
Depreciation	125,180	20,499	3,435	149,114
Dues and licenses	3,682	2,194	433	6,309
Development and fundraising	-	-	29,653	29,653
Employee Benefits	122,725	8,935	10,295	141,955
Facilities expense	27,608	5,965	392	33,965
Insurance – general and liability	25,800	3,920	379	30,099
Interpreter Contracts	42,818	-	-	42,818
Lab fees	75,081	-	-	75,081
Medical and lab supplies	177,602	-	-	177,602
Medical waste disposal	804	-	-	804
Payroll taxes	81,936	5,653	5,221	92,810
Postage and shipping	3,256	261	205	3,722
Utilities	21,771	506	309	22,586
Salaries	1,125,626	85,861	71,769	1,283,256
Contingencies and miscellaneous	9,354	18,014	259	27,627
Telephone	8,238	633	438	9,309
Telephone (cellular)	1,645	182	137	1,964
Workshops & travel	4,219	5,782	351	10,352
Volunteer development	9,485	-	-	9,485
	<u>\$ 2,317,245</u>	<u>\$ 177,768</u>	<u>\$ 125,716</u>	<u>\$ 2,620,729</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, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 435,113
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	149,114
Realized and Unrealized Investment Gain	(82,514)
(Increase) decrease in:	
Prepaid expenses	(3,822)
Accounts receivable	(84,292)
Increase (decrease) in:	
Accounts payable	62,341
Accrued expenses	<u>13,991</u>
Net cash Provided by Operating Activities	<u>489,931</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sale of investments	435,403
Purchase of investments	(552,946)
Furniture and equipment acquired	<u>(19,807)</u>
Net cash Used by Investing Activities	<u>(137,350)</u>
NET INCREASE IN CASH	352,581
Cash - July 1, 2009	<u>740,538</u>
Cash - June 30, 2010	<u><u>\$ 1,093,119</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, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose:

Siloam Family Health Center ("the 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 Accounting:

A significant part of the Health Center's support is derived from government grants and contracts. Contributions by grantors for specific purposes are reported as support in the period a liability is incurred for expenditures in compliance with specific grant requirements. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

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 restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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. Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, 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.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations

SILOAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS-continued

FOR THE YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - continued

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Health Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Health Center. Generally donors of these assets permit the Health Center to use all or part of the income earned for general or specific purposes. The Health Center currently has no permanently restricted net assets.

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.

SILAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2010

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. 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.

The Health Center has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Health Center believes that it has taken no uncertain tax positions.

3. FUNDING AND CONCENTRATION

The Health Center receives a major portion of the funds that it uses to conduct its programs from contracts with the state of Tennessee and Catholic Charities of Tennessee, Inc. A major reduction of funds from one of the grants or contracts, should this occur, would have a material effect on the programs and the financial position of the Health Center.

4. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Health Center in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, certificates of deposit, investments, receivables, prepaids, payables and accruals: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

SILOAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2010

5. CASH

The following accounts comprise cash as of June 30, 2010:

<u>Type of Account</u>	<u>Amount</u>
Checking	\$ 24,427
Money Market	1,068,392
Petty Cash	300
	<u>\$ 1,093,119</u>

6. 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 FASB Accounting Standards Codification, these services are accounted for at fair market value and totaled \$406,119 for the year ended June 30, 2010. The Health Center also received donated assets from a variety of sources that are accounted for at fair market value and totaled \$800 for the year ended June 30, 2010.

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.

7. PENSION PLAN

The Health Center has a Savings Incentive Match Plan for Employees (SIMPLE). The Health Center makes matching contributions to the Plan up to 3% of gross salaries of qualified employees to the Plan. Employees may make additional contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code. During the year ended June 30, 2010 the Health Center contributed \$28,805 to the Plan.

SILOAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2010

8. 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, is continually reviewed by the board. These deposits exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC) by \$160,215 as of June 30, 2010.

9. 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:

Charles Schwab-	
Mutual Funds	\$ 57,427
Common Stocks	606,902
Government Bonds	100,909
Corporate Bonds	363,624
	<hr/>
	1,128,862
Certificates of Deposit	36,802
Cash	141,035
	<hr/>
Total Endowment Fund	1,306,699
Commercial Bank-	
Certificate of Deposit	48,010
	<hr/>
Total Restricted Investments	<u>\$ 1,354,709</u>

SILOAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2010

10. FAIR VALUE MEASUREMENTS

The Health Center's investments are reported at fair value in the accompanying statement of financial position

Fair Value Measurements at June 30, 2010 Using:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$ 57,427	\$ 57,427	\$ -	\$ -
Common Stocks	606,902	606,902	-	-
Government Bonds	100,909	-	100,909	-
Corporate Bonds	363,624	-	363,624	-
	<u>\$ 1,128,862</u>	<u>\$ 664,329</u>	<u>\$ 464,533</u>	<u>\$ -</u>

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted process for identical assets, and Level 3 inputs have the lowest priority. The Health Center uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 2 Fair Value Measurements - The fair value of the investments are based on inputs other than quoted prices within Level 1 that are observable for the asset, either directly, or indirectly

Level 3 Fair Value Measurements - The fair value of the mutual fund and the guaranteed interest accounts are based on at least one significant unobservable input

SILOAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2010

11. 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, 2010.

<u>Contributor</u>	<u>Balance July 1, 2009</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balance June 30, 2010</u>
Baptist Healing	\$ (20)	\$ 52,500	\$ 50,533	\$ 1,947
Building Fund	594,082	79,217	4,843	668,456
Endowment Fund	1,186,868	129,579 *	9,748	1,306,699
Charis Foundation	5,002	25,000	19,978	10,024
Community Foundation	-	5,000	3,600	1,400
 Frist Technology Grant	 7,500	 -	 7,500	 -
HCA Foundation - X-ray	12,868	-	8,910	3,958
HCA Employees-Community Day	-	1,111	1,111	-
HCA, Inc.	-	5,000	5,000	-
Latino Outreach	417	-	417	-
 Miscellaneous Restricted	 53	 828	 2,120	 (1,239)
Nashville Predators Foundation	1,755	5,000	2,547	4,208
Psychiatric Solutions	17,761	-	17,761	-
S Komen Foundation	18,872	61,138	63,872	16,138
Hal Andrews	-	5,000	145	4,855
	<u>\$1,845,158</u>	<u>\$ 369,373</u>	<u>\$ 198,085</u>	<u>\$ 2,016,446</u>

* Endowment fund revenue includes realized and unrealized gains on investments of \$82,814.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 30, 2010 which is the date the financial statements were available to be issued.