

SILOAM FAMILY HEALTH CENTER

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2006

SILOAM FAMILY HEALTH CENTER

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8



BELLENFANT + MILES, P.C.
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, 2006, 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, 2006, 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.

December 13, 2006

Bellenfant & Miles, P.C.

SILOAM FAMILY HEALTH CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2006

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current Assets:			
Cash	\$ 617,943	\$ 1,023,769	\$ 1,641,712
Prepaid expenses	9,441	-	9,441
Accounts receivable	17,196	-	17,196
Pledges receivable, current	170,066	-	170,066
	<hr/>	<hr/>	<hr/>
Total Current Assets	814,646	1,023,769	1,838,415
	<hr/>	<hr/>	<hr/>
Property and Equipment:			
Land	291,560	-	291,560
Building	2,041,925	-	2,041,925
Furniture and equipment	492,379	-	492,379
	<hr/>	<hr/>	<hr/>
	2,825,864	-	2,825,864
Less: Accumulated depreciation	76,831	-	76,831
	<hr/>	<hr/>	<hr/>
Net Property and Equipment	2,749,033	-	2,749,033
	<hr/>	<hr/>	<hr/>
Pledges Receivable, non current	613,300	-	613,300
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 4,176,979</u>	<u>\$ 1,023,769</u>	<u>\$ 5,200,748</u>

LIABILITIES AND NET ASSETS

Current Liabilities:			
Accounts Payable	\$ 30,801	\$ -	\$ 30,801
Deferred Revenue - Building, current	170,066	-	170,066
Total Current Liabilities	200,867	-	200,867
	<hr/>	<hr/>	<hr/>
Deferred Revenue - Building, noncurrent	613,300	-	613,300
	<hr/>	<hr/>	<hr/>
Total Liabilities	814,167	-	814,167
	<hr/>	<hr/>	<hr/>
Net Assets	3,362,812	1,023,769	4,386,581
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,176,979</u>	<u>\$ 1,023,769</u>	<u>\$ 5,200,748</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, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 860,582	\$ 950,989	\$ 1,811,571
Donated assets	29,500	-	29,500
Donated services	384,711	-	384,711
Management fees	201,178	-	201,178
Patient contributions	125,450	-	125,450
Interest	14,742	28,878	43,620
Net Assets Released from Restrictions	<u>2,300,849</u>	<u>(2,300,849)</u>	<u>-</u>
Total Support and Revenue	<u>3,917,012</u>	<u>(1,320,982)</u>	<u>2,596,030</u>
EXPENSES:			
Program Services	1,209,890	-	1,209,890
General and Administrative	127,838	-	127,838
Fundraising	<u>96,143</u>	<u>-</u>	<u>96,143</u>
Total Expenses	<u>1,433,871</u>	<u>-</u>	<u>1,433,871</u>
CHANGE IN NET ASSETS	2,483,141	(1,320,982)	1,162,159
Net Assets, July 1, 2005	<u>879,671</u>	<u>2,344,751</u>	<u>3,224,422</u>
Net Assets, June 30, 2006	<u><u>\$ 3,362,812</u></u>	<u><u>\$ 1,023,769</u></u>	<u><u>\$ 4,386,581</u></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, 2006

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Private outpatient care	\$ 267,587	\$ -	\$ -	\$ 267,587
General and administrative	-	5,968	4,773	10,741
Accounting	-	3,700	-	3,700
Clinic supplies	23,632	12,936	2,977	39,545
Contract Labor	33,199	-	-	33,199
Continuing education	1,723	-	-	1,723
Depreciation	48,764	2,245	1,201	52,210
Dues and licenses	2,150	738	300	3,188
Development and fundraising	13,132	-	17,925	31,057
Employee Benefits	62,124	3,885	3,122	69,131
Insurance – general and liability	12,976	3,660	641	17,277
Interpreter Contracts	8,272	-	-	8,272
Janitorial services	18,518	1,149	420	20,087
Lab fees	49,046	-	-	49,046
Medical and lab supplies	12,543	-	-	12,543
Medical waste disposal	548	-	-	548
Payroll taxes	40,754	4,845	4,185	49,784
Postage and shipping	1,676	432	164	2,272
Rent	7,394	1,337	489	9,220
Repair and maintenance	2,007	235	187	2,429
Salaries	563,347	72,326	57,929	693,602
Contengencies and miscellaneous	11,515	7,434	64	19,013
Taxes - property	-	2,970	-	2,970
Telephone	8,174	655	504	9,333
Telephone (cellular)	452	150	150	752
Workshops & travel	5,818	1,779	681	8,278
Utilities	14,539	815	431	15,785
Loss on disposal of assets	-	579	-	579
	<u>\$ 1,209,890</u>	<u>\$ 127,838</u>	<u>\$ 96,143</u>	<u>\$ 1,433,871</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, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 1,162,159
Adjustments to reconcile to net cash provided by operations	
Depreciation	52,210
(Increase) decrease in:	
Prepaid Expenses	5,121
Accounts receivable	31,777
Pledges receivable	(783,366)
Increase (decrease) in:	
Accounts Payable	(324,171)
Deferred Revenue - building	783,366
	<hr/>
Net cash provided by operating activities	927,096
	<hr/>

CASH FLOWS FROM INVESTING ACTIVITIES

Building	(1,883,622)
Furniture and equipment acquired	(42,261)
Loss on disposal/sale of assets	579
	<hr/>
Net (used) by Investing Activities	(1,925,304)
	<hr/>
NET DECREASE IN CASH	(998,208)
Cash - July 1, 2005	2,639,920
	<hr/>
Cash - June 30, 2006	\$ 1,641,712
	<hr/> <hr/>

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, 2006

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, 2006

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, 2006:

<u>Type of Account</u>	<u>Bank</u>	<u>Amount</u>
Checking	AmSouth	\$ 100
Checking	Pinnacle	15,949
Checking	Pinnacle	2,161
Money Market	AmSouth	109,894
Money Market	Bank of America	83,338
Money Market	SunTrust	32,639
Money Market	Tenn Commerce	252,972
Money Market	Pinnacle	1,044,292
Money Market	First Citizens	100,042
Checking	Pinnacle	75
Petty Cash		250
		<u>\$ 1,641,712</u>

SILOAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2006

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 \$278,328 for the year ended June 30, 2006. The Health Center also received donated assets from a variety of sources that are accounted for at fair market value and totaled \$29,500 for the year ended June 30, 2006. They also received donated services related to the building that are accounted for at fair market value and totaled \$106,383 for the year ended June 30, 2006.

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 Health Center periodically analyzes its cash balances and makes transfer between banks to adhere to its policy to keep deposits at any single bank at or below \$100,000. At June 30, 2006, the Health Center has cash on deposit with the following banks:

AmSouth	109,994
Bank of America	83,338
SunTrust	32,639
Pinnacle	1,062,477
First Citizens	100,042
Tenn Commerce	252,972

These deposits exceeded the amount insured by the Federal Deposits Insurance Corporation by \$1,125,485.

SILOAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2006

5. 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

6. 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, 2006.

Contributor	Balance July 1, 2005	Revenues	Expenses	Balance June 30, 2006
Building Fund	\$ 2,285,536	\$ 843,408	\$ 2,147,909	\$ 981,035
Baptist Healing	-	50,000	25,885	24,115
BlueCross Blud Shield	-	43,750	28,808	14,942
Brian-Christina Fund	22,178		22,178	-
Christian Community Health Fellowship	34,037	18,481	52,518	-
Cole Family Foundation	-	3,000	2,500	500
Latino Outreach 2006	-	2,917	1,338	1,579
LDB Foundation	-	1,400	1,400	-
Miscellaneous Restricted	-	4,494	4,494	-
Nashville Predators	-	2,000	2,000	-
Saint Thomas Health Services	-	500	-	500
Susan G. Komen Foundation	-	5,000	5,000	-
Tennessee Trust	-	4,917	3,819	1,098
West End Home Foundation	3,000	-	3,000	-
	<u>\$ 2,344,751</u>	<u>\$ 979,867</u>	<u>\$ 2,300,849</u>	<u>\$ 1,023,769</u>

2005 TAX RETURN

GOVERNMENT COPY

Client: SILOAM

Prepared for: SILOAM FAMILY HEALTH CENTER
820 GALE LANE
NASHVILLE, TN 37204
615-298-5406

Prepared by: BOB BELLENFANT, CPA
BELLENFANT & MILES, P.C., CPAS
136 WILSON PIKE CIRCLE
BRENTWOOD, TN 37027
(615) 370-8700

Date: JANUARY 13, 2007

Comments:

Route to: _____