

SILOAM FAMILY HEALTH CENTER

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2005

SILOAM FAMILY HEALTH CENTER

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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, 2005, 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 presentation. 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, 2005, 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, P.C.

October 7, 2005

SILOAM FAMILY HEALTH CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2005

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current Assets:			
Cash	\$ 295,169	\$ 2,344,751	\$ 2,639,920
Prepaid expenses	14,562	-	14,562
Accounts receivable	48,973	-	48,973
	<u>358,704</u>	<u>2,344,751</u>	<u>2,703,455</u>
Total Current Assets			
	<u>358,704</u>	<u>2,344,751</u>	<u>2,703,455</u>
Property and Equipment:			
Property and equipment	101,920	-	101,920
Leasehold improvements	3,365	-	3,365
Construction in progress	844,312	-	844,312
	<u>949,597</u>	<u>-</u>	<u>949,597</u>
Less: Accumulated Depreciation	73,658	-	73,658
	<u>875,939</u>	<u>-</u>	<u>875,939</u>
Net Property and equipment			
	<u>875,939</u>	<u>-</u>	<u>875,939</u>
TOTAL ASSETS	<u><u>\$ 1,234,643</u></u>	<u><u>\$ 2,344,751</u></u>	<u><u>\$ 3,579,394</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:			
Accounts Payable	\$ 354,972	\$ -	\$ 354,972
	<u>354,972</u>	<u>-</u>	<u>354,972</u>
Total Liabilities			
	<u>354,972</u>	<u>-</u>	<u>354,972</u>
Net Assets	<u>879,671</u>	<u>2,344,751</u>	<u>3,224,422</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,234,643</u></u>	<u><u>\$ 2,344,751</u></u>	<u><u>\$ 3,579,394</u></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, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 549,401	\$ 1,777,645	\$ 2,327,046
Donated assets	10,935	-	10,935
Donated services	181,822	-	181,822
Management fees	229,061	-	229,061
Patient contributions	79,495	-	79,495
Interest	2,890	29,898	32,788
	<u>1,053,604</u>	<u>1,807,543</u>	<u>2,861,147</u>
Total Support and Revenue			
	<u>1,053,604</u>	<u>1,807,543</u>	<u>2,861,147</u>
EXPENSES:			
Program Services	261,847	573,106	834,953
General and Administrative	86,167	-	86,167
Fundraising	76,405	-	76,405
	<u>424,419</u>	<u>573,106</u>	<u>997,525</u>
Total Expenses			
	<u>424,419</u>	<u>573,106</u>	<u>997,525</u>
CHANGE IN NET ASSETS	629,185	1,234,437	1,863,622
Net Assets, July 1, 2004	<u>250,486</u>	<u>1,110,314</u>	<u>1,360,800</u>
Net Assets, June 30, 2005	<u>\$ 879,671</u>	<u>\$ 2,344,751</u>	<u>\$ 3,224,422</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, 2005

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Private outpatient care	\$ 168,392	\$ -	\$ -	\$ 168,392
General and administrative	12,087	1,343	-	13,430
Accounting	-	1,975	-	1,975
Clinic supplies	16,178	7,003	-	23,181
Contract Labor	30,002	-	-	30,002
Depreciation	11,876	7,917	-	19,793
Dues and licenses	1,525	755	-	2,280
Development and fundraising	9,536	-	21,547	31,083
Employee Benefits	5,273	586	651	6,510
Insurance – general and liability	13,453	3,588	303	17,344
Interpreter Contracts	12,510	-	-	12,510
Insurance – health and dental	37,262	3,776	2,294	43,332
Insurance – 125 Plan	774	86	97	957
Lab fees	37,588	-	-	37,588
Medical and lab supplies	7,836	-	-	7,836
Medical waste disposal	369	-	-	369
Payroll taxes	27,477	3,016	3,355	33,848
Postage and shipping	369	369	-	738
Rent	20,598	3,726	1,370	25,694
Repair and maintenance	117	397	-	514
Salaries	378,285	42,363	45,845	466,493
Contengencies and miscellaneous	25,348	4,886	10	30,244
Telephone	5,103	464	464	6,031
Telephone (cellular)	1,314	263	175	1,752
Workshops & travel	6,727	2,850	-	9,577
Utilities	4,954	804	294	6,052
	<u>\$ 834,953</u>	<u>\$ 86,167</u>	<u>\$ 76,405</u>	<u>\$ 997,525</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, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	1,863,622
Adjustments to reconcile to net cash provided by operations	
Deprecation	19,793
(Increase) decrease in:	
Prepaid Expenses	(1,390)
Gale Lane Land	8,801
Accounts receivable	(9,089)
Increase (decrease) in:	
Accounts Payable	<u>354,972</u>
Net cash provided by operating activities	<u>2,236,709</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Construction in Progress	(844,312)
Furniture and equipment acquired	<u>(19,906)</u>
Net (used) by Investing Activities	<u>(864,218)</u>
NET INCREASE IN CASH	1,372,491
Cash - July 1, 2004	<u>1,267,429</u>
Cash - June 30, 2005	<u><u>\$ 2,639,920</u></u>

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

SILOAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

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 or management in general 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

JUNE 30, 2005

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.

2. CASH

The following accounts comprise cash as of June 30, 2005:

<u>Type of Account</u>	<u>Bank</u>	<u>Amount</u>
Checking	AmSouth	\$ 37,305
Checking	AmSouth	2,225
Money Market	AmSouth	1,572,134
Money Market	Bank of America	135,559
Money Market	SunTrust	167,026
MSA 125 Plan Acct	Bank of America	4,665
Money Market	First Tennessee	718,441
Money Market	Pinnacle	2,240
Checking	AmSouth	75
Petty Cash		250
		<u>\$ 2,639,920</u>

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 \$181,822 for the year ended June 30, 2005.

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.

SILOAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

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, 2005, the Agency has cash on deposit with the following banks:

AmSouth	1,611,739
Bank of America	140,224
SunTrust	167,026
First Tennessee	718,441

These deposits exceeded the amount insured by the Federal Deposits Insurance Corporation by \$2,237,430

5. FEDERAL INCOME TAX STATUS

The Agency 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, 2005.

Contributor	Balance July 1, 2004	Revenues	Expenses	Balance June 30, 2005
Building Fund	\$ 1,102,814	\$ 1,645,151	\$ 462,429	\$ 2,285,536
Baptist Healing		25,000	25,000	-
Boulevard Bolt	-	5,000	5,000	-
Brian-Christina Fund	7,500	37,500	22,822	22,178
Christian Community				
Health Fellowship		56,742	22,705	34,037
Community Foundation	-	5,450	5,450	-
Junior League	-	5,000	5,000	-
Miscellaneous Restricted	-	2,700	2,700	-
West End Home				
Foundation	-	25,000	22,000	3,000
	<u>\$ 1,110,314</u>	<u>\$ 1,807,543</u>	<u>\$ 573,106</u>	<u>\$ 2,344,751</u>