

SILOAM FAMILY HEALTH CENTER

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2007

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

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, 2007, 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, 2007, 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.

September 7, 2007

SILOAM FAMILY HEALTH CENTER
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2007

	<u>ASSETS</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current Assets:			
Cash	\$ 568,775	\$ 1,206,623	\$ 1,775,398
Investments	-	373,775	373,775
Prepaid expenses	1,045	-	1,045
Accounts receivable	111,649	-	111,649
Pledges receivable, current	398,302	-	398,302
 Total Current Assets	 1,079,771	 1,580,398	 2,660,169
 Property and Equipment:			
Land	291,560	-	291,560
Building	2,437,772	-	2,437,772
Furniture and equipment	109,556	-	109,556
	2,838,888	-	2,838,888
Less: Accumulated depreciation	219,363	-	219,363
 Net Property and Equipment	 2,619,525	 -	 2,619,525
 Pledges Receivable, non current	 169,700	 -	 169,700
 TOTAL ASSETS	 \$ 3,868,996	 \$ 1,580,398	 \$ 5,449,394

LIABILITIES AND NET ASSETS

Current Liabilities:			
Accounts Payable	\$ 44,129	\$ -	\$ 44,129
Deferred Revenue - Pledges, current	398,302	-	398,302
Total Current Liabilities	442,431	-	442,431
 Deferred Revenue - Pledges, noncurrent	 169,700	 -	 169,700
 Total Liabilities	 612,131	 -	 612,131
 Net Assets	 3,256,865	 1,580,398	 4,837,263
 TOTAL LIABILITIES AND NET ASSETS	 \$ 3,868,996	 \$ 1,580,398	 \$ 5,449,394

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

SILOAM FAMILY HEALTH CENTER

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 725,494	\$ 642,284	\$ 1,367,778
Service Contracts	411,929		411,929
Donated assets	1,900	-	1,900
Donated services	371,983	-	371,983
Patient contributions	150,150	-	150,150
Interest	20,450	45,857	66,307
Net Assets Released from Restrictions	<u>131,512</u>	<u>(131,512)</u>	<u>-</u>
Total Support and Revenue	<u>1,813,418</u>	<u>556,629</u>	<u>2,370,047</u>
EXPENSES:			
Program Services	1,678,509	-	1,678,509
General and Administrative	148,552	-	148,552
Fundraising	<u>92,304</u>	<u>-</u>	<u>92,304</u>
Total Expenses	<u>1,919,365</u>	<u>-</u>	<u>1,919,365</u>
CHANGE IN NET ASSETS	(105,947)	556,629	450,682
Net Assets, July 1, 2006	<u>3,362,812</u>	<u>1,023,769</u>	<u>4,386,581</u>
Net Assets, June 30, 2007	<u>\$ 3,256,865</u>	<u>\$ 1,580,398</u>	<u>\$ 4,837,263</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, 2007

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Private outpatient care	\$ 370,269	\$ -	\$ -	\$ 370,269
General and administrative	-	714	-	714
Accounting	-	6,000	-	6,000
Clinic supplies	29,049	6,291	2,203	37,543
Contract Labor	3,180	-	-	3,180
Continuing education	1,575	-	-	1,575
Depreciation	115,911	21,587	5,277	142,775
Dues and licenses	2,900	472	425	3,797
Development and fundraising	-	-	20,026	20,026
Employee Benefits	70,992	13,261	3,194	87,447
Facilities expense	26,841	5,504	557	32,902
Insurance – general and liability	23,710	3,773	609	28,092
Interpreter Contracts	10,323	-	-	10,323
Lab fees	58,285	-	-	58,285
Management fees	-	-	-	-
Medical and lab supplies	13,748	-	-	13,748
Medical waste disposal	541	-	-	541
Payroll taxes	59,684	4,853	3,949	68,486
Postage and shipping	3,269	398	319	3,986
Utilities	20,785	483	295	21,563
Repair and maintenance	621	-	-	621
Salaries	815,883	74,527	54,549	944,959
Contengencies and miscellaneous	22,712	7,332	86	30,130
Telephone	9,503	732	504	10,739
Telephone (cellular)	799	108	96	1,003
Workshops & travel	4,650	2,517	215	7,382
Volunteer development	13,279	-	-	13,279
	<u>\$ 1,678,509</u>	<u>\$ 148,552</u>	<u>\$ 92,304</u>	<u>\$ 1,919,365</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, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 450.682
Adjustments to reconcile to net cash provided by operations	
Depreciation	142.775
(Increase) decrease in:	
Prepaid Expenses	8,396
Accounts receivable	(94.453)
Pledges receivable	(228.236)
Increase (decrease) in:	
Accounts Payable	13.328
Deferred Revenue - building	228,236
Net cash Provided by Operating Activities	<u>520,728</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	(368,615)
Increase in Investments	(5.160)
Furniture and equipment acquired	<u>(13,267)</u>
Net (Used) by Investing Activities	<u>(387.042)</u>
NET INCREASE IN CASH	133.686
Cash - July 1, 2006	<u>1,641,712</u>
Cash - June 30, 2007	<u><u>\$ 1,775,398</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, 2007

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, 2007

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, 2007:

<u>Type of Account</u>	<u>Bank</u>	<u>Amount</u>
Checking	AmSouth	\$ 100
Checking	Pinnacle	151,878
Checking	Pinnacle	12,351
Money Market	AmSouth	114,248
Money Market	Bank of America	25,976
Money Market	Fifth Third	469,068
Money Market	SunTrust	57,347
Money Market	Tenn Commerce	266,939
Money Market	Pinnacle	441,001
Money Market	First Citizens	104,730
Money Market	Charles Schwabb	131,385
Checking	Pinnacle	75
Petty Cash		300
		<u>\$ 1,775,398</u>

SILOAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2007

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 \$371,983 for the year ended June 30, 2007. The Health Center also received donated assets from a variety of sources that are accounted for at fair market value and totaled \$1,900 for the year ended June 30, 2007.

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 \$100,000 insured limit, is continually reviewed by the board. At June 30, 2007, the Health Center has cash on deposit with the following banks:

AmSouth	114,348
Bank of America	25,976
SunTrust	57,347
Pinnacle	605,305
Fifth Third	469,068
First Citizens	104,730
Tenn Commerce	266,939
Charles Schwabb	131,385

These deposits exceeded the amount insured by the Federal Deposits Insurance Corporation by \$1,091,775.

5. TEMPORARILY RESTRICTED INVESTMENTS

Temporarily restricted investments are held at Charles Schwabb and are reported at cost. The investments are managed by Lee, Danner & Bass, Inc. They consist of the following:

Corporate Bonds	\$	148,613
Certificates of Deposit		29,420
Mutual Funds		195,742
	\$	<u>373,775</u>

SILOAM FAMILY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2007

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, 2007.

Contributor	Balance			Adjustments	Balance	
	July 1, 2006	Revenues	Expenses		June 30, 2007	
Baptist Healing	\$ 24,115	\$ 50,000	\$ 74,115		\$	-
BlueCross Blue Shield	14,942	-	14,942			-
Building Fund	481,035	489,175	52	192		970,350
Endowment Fund	500,000	5,895	734			505,161
Cole Family Foundation	500	-	-			500
Community Foundation	-	5,000	5,000			-
Frist Technology Grant	-	7,500	7,500			-
HCA Foundation	-	100,000	-			100,000
LDB Foundation		1,600	1,600			-
Latino Outreach 2006	1,579	-	692			887
Matthew Wills Restricted	-	5,000	1,500			3,500
Miscellaneous Restricted	-	4,871	4,871			-
Pinnacle National Bank	-	1,000	1,000			-
Susan G. Komen Foundation	-	17,500	17,500			-
Saint Thomas Health Services	500	-	500			-
Tennessee Trust	1,098	-	656	(442)		-
West End Home Foundation	-	600	600			-
	<u>\$1,023,769</u>	<u>\$ 688,141</u>	<u>\$ 131,262</u>	<u>\$ (250)</u>	<u>\$</u>	<u>1,580,398</u>