

**SILOAM FAMILY HEALTH CENTER**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2008**

# **SILOAM FAMILY HEALTH CENTER**

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**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, 2008, 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, 2008, 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.*

September 10, 2008

# SILOAM FAMILY HEALTH CENTER

## STATEMENT OF FINANCIAL POSITION

**JUNE 30, 2008**

### **ASSETS**

	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Total</u></b>
<b>Current Assets:</b>			
Cash	\$ 600,422	\$ 137,765	\$ 738,187
Investments	-	1,810,428	1,810,428
Prepaid expenses	12,522	-	12,522
Accounts receivable	119,862	-	119,862
Pledges receivable, current	138,131	-	138,131
	<u>870,937</u>	<u>1,948,193</u>	<u>2,819,130</u>
<b>Property and Equipment:</b>			
Land	291,560	-	291,560
Building	2,437,296	-	2,437,296
Furniture and equipment	168,839	-	168,839
	<u>2,897,695</u>	<u>-</u>	<u>2,897,695</u>
Less: Accumulated depreciation	362,937	-	362,937
	<u>2,534,758</u>	<u>-</u>	<u>2,534,758</u>
Pledges Receivable, non current	352,091	-	352,091
	<u>352,091</u>	<u>-</u>	<u>352,091</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,757,786</u></b>	<b><u>\$ 1,948,193</u></b>	<b><u>\$ 5,705,979</u></b>

### **LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>			
Accounts Payable	\$ 34,780	\$ -	\$ 34,780
Deferred Revenue - Pledges, current	163,131	-	163,131
Total Current Liabilities	197,911	-	197,911
	<u>197,911</u>	<u>-</u>	<u>197,911</u>
Deferred Revenue - Pledges, noncurrent	352,091	-	352,091
	<u>352,091</u>	<u>-</u>	<u>352,091</u>
Total Liabilities	550,002	-	550,002
	<u>550,002</u>	<u>-</u>	<u>550,002</u>
<b>Net Assets</b>	<b><u>3,207,784</u></b>	<b><u>1,948,193</u></b>	<b><u>5,155,977</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,757,786</u></b>	<b><u>\$ 1,948,193</u></b>	<b><u>\$ 5,705,979</u></b>

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

# SILOAM FAMILY HEALTH CENTER

## STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 1,030,641	\$ 350,583	\$ 1,381,224
Service Contracts	534,028	-	534,028
Donated assets	2,500	-	2,500
Donated services	373,688	-	373,688
Patient contributions	181,217	-	181,217
Interest	31,024	23,274	54,298
Other (Net Endowment Income)	17,499		17,499
Net Assets Released from Restrictions	169,029	(169,029)	-
	<u>2,339,626</u>	<u>204,828</u>	<u>2,544,454</u>
<b>EXPENSES:</b>			
Program Services	1,929,935	-	1,929,935
General and Administrative	143,952	-	143,952
Fundraising	114,820	-	114,820
Unrealized holding losses on investments	-	37,033	37,033
	<u>2,188,707</u>	<u>37,033</u>	<u>2,225,740</u>
CHANGE IN NET ASSETS	150,919	167,795	318,714
Net Assets, July 1, 2007	3,256,865	1,580,398	4,837,263
Transfer	<u>(200,000)</u>	<u>200,000</u>	<u>-</u>
Net Assets, June 30, 2008	<u>\$ 3,207,784</u>	<u>\$ 1,948,193</u>	<u>\$ 5,155,977</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, 2008**

	<u>Program Services</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Private outpatient care	\$ 373,179	\$ -	\$ -	\$ 373,179
General and administrative	-	509	-	509
Accounting	-	5,000	-	5,000
Clinic supplies	43,590	7,907	2,414	53,911
Contract Labor	11,114	-	-	11,114
Continuing education	2,989	-	-	2,989
Depreciation	128,158	20,144	3,769	152,071
Dues and licenses	2,555	865	550	3,970
Development and fundraising	-	-	26,422	26,422
Employee Benefits	93,378	11,177	5,916	110,471
Facilities expense	24,844	4,490	352	29,686
Insurance – general and liability	29,881	3,792	633	34,306
Interpreter Contracts	12,336	-	-	12,336
Lab fees	89,144	-	-	89,144
Medical and lab supplies	22,344	-	-	22,344
Medical waste disposal	812	-	-	812
Payroll taxes	64,731	4,975	4,939	74,645
Postage and shipping	3,797	398	330	4,525
Utilities	22,011	511	313	22,835
Salaries	950,093	75,236	67,784	1,093,113
Contingencies and miscellaneous	10,738	6,403	337	17,478
Telephone	7,840	603	416	8,859
Telephone (cellular)	994	157	118	1,269
Workshops & travel	4,922	1,706	527	7,155
Volunteer development	18,335	-	-	18,335
Book value of disposed equipment	12,150	79	-	12,229
	<u>\$ 1,929,935</u>	<u>\$ 143,952</u>	<u>\$ 114,820</u>	<u>\$ 2,188,707</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, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 318,714
Adjustments to reconcile to net cash provided by operations	
Depreciation	152,071
(Increase) decrease in:	
Prepaid Expenses	(11,477)
Accounts receivable	(8,213)
Pledges receivable	77,780
Increase (decrease) in:	
Accounts Payable	(9,349)
Deferred Revenue - building	<u>(52,781)</u>
Net cash Provided by Operating Activities	<u>466,745</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Investments	(1,436,653)
Furniture and equipment acquired	(79,532)
Book value of disposal of equipment	<u>12,229</u>
Net (Used) by Investing Activities	<u>(1,503,956)</u>
NET DECREASE IN CASH	(1,037,211)
Cash - July 1, 2007	<u>1,775,398</u>
Cash - June 30, 2008	<u><u>\$ 738,187</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, 2008**

**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, 2008

#### 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, 2008:

<u>Type of Account</u>	<u>Bank</u>	<u>Amount</u>
Checking	Regions	\$ 100
Checking	Pinnacle	16,608
Checking	Pinnacle	9,401
Checking	Pinnacle	75
Money Market	Regions	3,120
Money Market	Bank of America	205
Money Market	Fifth Third	135,891
Money Market	SunTrust	35
Money Market	Pinnacle	85,157
Certificate of Deposit	Regions	181,000
Certificate of Deposit	Bank of America	26,000
Certificate of Deposit	Fifth Third	50,295
Certificate of Deposit	Pinnacle	180,000
Certificate of Deposit	SunTrust	50,000
Petty Cash		300
		<u>\$ 738,187</u>

# **SILOAM FAMILY HEALTH CENTER**

## **NOTES TO FINANCIAL STATEMENTS - continued**

### **FOR THE YEAR ENDED JUNE 30, 2008**

#### **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 \$373,688 for the year ended June 30, 2008. The Health Center also received donated assets from a variety of sources that are accounted for at fair market value and totaled \$2,500 for the year ended June 30, 2008.

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, 2008, the Health Center has cash on deposit with the following banks:

Regions	184,220
Bank of America	26,205
SunTrust	150,035
Pinnacle	291,241
Fifth Third	186,186
First Citizens	276,871
Tenn Commerce	100,276
Charles Schwab	386,268

These deposits exceeded the amount insured by the Federal Deposit Insurance Corporation (FDIC) by \$872,751.

**SILOAM FAMILY HEALTH CENTER**

**NOTES TO FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED JUNE 30, 2008**

**5. TEMPORARILY RESTRICTED INVESTMENTS**

Temporarily restricted investments of the Endowment Fund are held at Charles Schwab. The investments are 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	\$ 410,070
Certificates of Deposit	20,116
Mutual Funds	511,993
Money Market	<u>391,102</u>
Total Endowment Fund	<u>1,333,281</u>
First Citizens Certificate of Deposit (Building Maintenance Fund)	276,871
Tenn Commerce Certificate of Deposit	100,276
Suntrust Certificate of Deposit	<u>100,000</u>
	<u>477,147</u>
Total Investments	<u><u>\$ 1,810,428</u></u>

# SILOAM FAMILY HEALTH CENTER

## NOTES TO FINANCIAL STATEMENTS - continued

### FOR THE YEAR ENDED JUNE 30, 2008

#### 7. 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

#### 8. 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, 2008.

Contributor	Balance July 1, 2007	Revenues	Expenses	Transfers	Balance June 30, 2008
Baptist Healing	\$ -	\$ 37,500	\$ 37,343	\$ -	\$ 157
Building Fund	970,350	184,440	-	(650,000)	504,790
Endowment Fund	505,161	17,499	39,379 *	850,000	1,333,281
Charis Foundation	-	25,000	8,845	-	16,155
Cole Family Foundation	500	-	500	-	-
Community Foundation	-	5,000	2,543	-	2,457
Frist Technology Grant	-	7,500	-	-	7,500
HCA Foundation - X-ray	100,000	-	67,055	-	32,945
HCA Foundation - Misc	-	491	491	-	-
LDB Foundation	-	2,340	2,340	-	-
Latino Outreach	887	-	125	-	762
Matthew Wills Restricted	3,500	-	3,500	-	-
Miscellaneous Restricted	-	3,934	3,857	-	77
Psychiatric Solutions	-	50,000	19,609	-	30,391
S Komen Foundation	-	32,500	12,822	-	19,678
Wachovia Foundation	-	10,000	10,000	-	-
	<u>\$1,580,398</u>	<u>\$ 376,204</u>	<u>\$ 208,409</u>	<u>\$ 200,000</u>	<u>\$ 1,948,193</u>

\* Unrealized holding losses on investments.