

Special Kids, Inc.

(A Nonprofit Corporation)

Consolidated Financial Statements

With Independent Auditors' Report Thereon

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

H A Beasley & Company, PC

Certified Public Accountants

Murfreesboro, Tennessee



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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Special Kids, Inc.

We have audited the accompanying consolidated financial statements of Special Kids, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

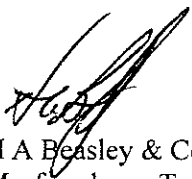
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Special Kids, Inc. as of December 31, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



H A Beasley & Company, PC
Murfreesboro, Tennessee
April 23, 2015

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SPECIAL KIDS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013

ASSETS		
	2014	2013
CURRENT ASSETS		
Cash and equivalents	\$ 810,940	\$ 897,453
Investments	102,269	97,865
Accounts receivable	63,484	50,857
Promises to give	24,035	875,360
Prepaid expenses	39,951	29,764
Total current assets	1,040,679	1,951,299
PROPERTY AND EQUIPMENT, NET	2,220,889	1,006,151
TOTAL ASSETS	\$ 3,261,568	\$ 2,957,450
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 28,890	\$ 6,450
Accrued expenses	14,089	348
Deferred revenue	40,008	23,526
Total current liabilities	82,987	30,324
NET ASSETS		
Unrestricted net assets	2,588,669	1,020,156
Temporarily restricted net assets	589,912	1,906,970
Total net assets	3,178,581	2,927,126
TOTAL LIABILITIES & NET ASSETS	\$ 3,261,568	\$ 2,957,450

See accompanying notes to consolidated financial statements and independent auditors' report.

SPECIAL KIDS, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and Support						
Patient fees:						
Bureau of TennCare	\$ 680,811	-	\$ 680,811	\$ 613,319	-	\$ 613,319
Private insurance	383,227	-	383,227	307,675	-	307,675
Private pay	220,125	-	220,125	201,725	-	201,725
Total patient fees	1,284,163	-	1,284,163	1,122,719	-	1,122,719
Private gifts and grants	417,859	120,020	537,879	127,263	1,961,549	2,088,812
In-kind donations, net of expenses	111,597	-	111,597	252,784	-	252,784
Special events and activities, net	369,743	-	369,743	329,236	-	329,236
Unrealized gain/(loss) on investments	(1,311)	-	(1,311)	7,181	-	7,181
Realized gain on investments	5,062	-	5,062	-	-	-
Rent income	9,600	-	9,600	3,200	-	3,200
Investment income	2,203	-	2,203	4,268	-	4,268
Total other revenue and support	2,198,916	120,020	2,318,936	1,846,651	1,961,549	3,808,200
Net assets released from restrictions	1,437,078	(1,437,078)	-	158,505	(158,505)	-
Total revenue and support	3,635,994	(1,317,058)	2,318,936	2,005,156	1,803,044	3,808,200
Expenses						
Program services	1,597,700	-	1,597,700	1,359,186	-	1,359,186
Supporting services						
Management and general	136,310	-	136,310	115,958	-	115,958
Fundraising	330,754	-	330,754	284,165	-	284,165
Total expenses	2,064,764	-	2,064,764	1,759,309	-	1,759,309
Other expenses						
Miscellaneous income	1,400	-	1,400	-	-	-
Interest expense	(49)	-	(49)	-	-	-
Loss on disposal of equipment	(4,068)	-	(4,068)	-	-	-
Total other expenses	(2,717)	-	(2,717)	-	-	-
CHANGE IN NET ASSETS	1,568,513	(1,317,058)	251,455	245,847	1,803,044	2,048,891
NET ASSETS AT BEGINNING						
OF YEAR	1,020,156	1,906,970	2,927,126	774,309	103,926	878,235
NET ASSETS AT END OF YEAR	\$ 2,588,669	\$ 589,912	\$ 3,178,581	\$ 1,020,156	\$ 1,906,970	\$ 2,927,126

See accompanying notes to consolidated financial statements and independent auditors' report.

SPECIAL KIDS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013			
	Program Services	Supporting Services		Program Services	Supporting Services		Total
		Management & General	Fund- raising		Management & General	Fund- raising	
Compensation and related expenses:							
Wages	\$ 1,124,397	\$ 86,492	\$ 230,645	\$ 1,012,708	\$ 77,901	\$ 207,735	\$ 1,298,344
Payroll taxes	88,238	6,788	18,100	82,252	6,327	16,872	105,451
Employee benefits	130,314	10,024	26,731	101,452	7,804	20,811	130,067
	1,342,949	103,304	275,476	1,196,412	92,032	245,418	1,533,862
Professional fees	-	11,500	-	-	12,515	-	12,515
Depreciation and amortization	44,052	3,389	9,036	31,213	2,401	6,403	40,017
Bank charges	6,135	472	1,259	5,352	412	1,098	6,862
Travel, meals and entertainment	3,481	268	714	2,553	196	524	3,273
Telephone and internet	12,606	970	2,586	11,193	861	2,296	14,350
Postage	3,539	272	726	3,223	248	661	4,132
Consulting	1,834	-	-	1,800	-	-	1,800
Supplies	58,690	4,515	12,039	28,834	2,218	5,915	36,967
Repairs and maintenance	18,274	1,406	3,748	14,097	1,084	2,892	18,073
Family support	29,921	-	-	12,627	-	-	12,627
Insurance	24,208	1,862	4,966	20,424	1,571	4,189	26,184
Conferences and events	-	-	3,555	-	-	3,937	3,937
Website maintenance	-	-	4,848	-	-	4,379	4,379
Subscriptions	31,612	2,432	6,484	20,184	1,553	4,140	25,877
Marketing	-	-	1,953	-	-	-	-
Real estate taxes	-	4,658	-	-	-	-	-
Lease expense	4,000	-	-	-	-	-	-
Utilities	16,399	1,262	3,364	11,274	867	2,313	14,454
	\$ 1,597,700	\$ 136,310	\$ 330,754	\$ 1,359,186	\$ 115,958	\$ 284,165	\$ 1,759,309

See accompanying notes to consolidated financial statements and independent auditors' report.

SPECIAL KIDS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 251,455	\$ 2,048,891
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	56,477	40,017
Unrealized (gain) loss on investments	1,311	(7,181)
Realized gain on investments	(5,062)	-
Non-cash donation of investments	-	(78,285)
Non-cash donation of property and equipment	(111,597)	(174,499)
Loss on disposal of equipment	4,068	-
(Increase) decrease in operating assets:		
Accounts receivable	(12,627)	(36,373)
Promises to give	851,325	(861,230)
Prepaid expenses	(10,187)	(6,360)
Increase (decrease) in operating liabilities:		
Accounts payable	22,440	(6,990)
Accrued expenses	13,741	(1,116)
Deferred revenue	16,482	(23,141)
Net cash provided by operating activities	1,077,826	893,733
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(84,001)	(3,066)
Proceeds from sale of investments	83,348	-
Purchase of equipment	(1,163,686)	(378,572)
Net cash used for investing activities	(1,164,339)	(381,638)
 Net increase in cash and equivalents	(86,513)	512,095
 Beginning cash and equivalents	897,453	385,358
 Ending cash and equivalents	\$ 810,940	\$ 897,453

See accompanying notes to consolidated financial statements and independent auditors' report.

SPECIAL KIDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

NOTE A -- NATURE OF ACTIVITIES, PRINCIPLES OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Activities

Special Kids, Inc. (the "Organization") is a tax-exempt organization under 501(c)(3) of the Internal Revenue Code located in Murfreesboro, Tennessee. The Organization is dedicated to providing quality and affordable rehabilitation and nursing services in a loving, Christian environment with the support and guidance of the physician. The goal is that no family would be denied service due to lack of funding, or access to services. The Organization believes the family unit is important and by offering quality-coordinated services, the Organization strives to minimize the pressures of parenting a child with special needs.

Principles of Consolidation

The accompanying financial statements include the accounts of Special Kids, Inc. and Special Kids Real Estate, LLC (the consolidated group referred to as the "Organization" or "Special Kids, Inc."). Special Kids Real Estate LLC is a single member limited liability company (L.L.C.). Special Kids, Inc. is the sole member of Special Kids Real Estate, LLC. All material intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis.

Basis of Presentation

The Organization presents its consolidated financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Financial Statements for Not-for-Profit Organizations*. Accordingly, the Organization reports information regarding its consolidated financial position and activities according to the three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization.

Temporarily restricted net assets consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as temporarily restricted revenue, when received, and such unexpended amounts are reported as temporarily restricted net assets at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as "net assets released from restrictions".

Permanently restricted net assets consist of donor restricted contributions, which are required to be held in perpetuity. Income from assets held is available for either general operations or specific purposes, in accordance with donor stipulations. The Organization had no permanently restricted net assets as of December 31, 2014 and 2013.

SPECIAL KIDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

NOTE A -- NATURE OF ACTIVITIES, PRINCIPLES OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and other support and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Cash and Equivalents

Cash and equivalents include cash and short-term investments with an initial maturity date of three months or less.

Investments

The Organization follows the Not-For-Profit Entities subtopic and Revenue Recognition subtopic of the FASB ASC with respect to investments. Under this subtopic, investment in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position.

The Fair Value Measurements and Disclosures topic of FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value. This hierarchy consists of three 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 prices for identical assets, and Level 3 inputs have the lowest priority.

The Organization uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 or level 2 inputs were not available.

Unrealized gains and losses are included in the change in unrestricted net assets.

Accounts Receivable, Net

Accounts receivable, net consist of services provided to be paid by either the family or insurance companies. The accounts receivable, net are stated at the amount management expects to collect from balances outstanding at year-end. Accounts with balances greater than 30 days old are considered past due receivable accounts. The Organization does not charge interest or a finance charge on past due receivable accounts. The amounts expected to be collected from the insurance companies is reduced due to contractual obligations with the insurance companies. The Organization has recorded a contractual allowance to net against the accounts receivable balances for the estimated contractual reduction of insurance claims. The estimated allowance for uncollectible accounts receivable is based on management's judgment of such factors as prior collection history and nature of activity.

SPECIAL KIDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

NOTE A -- NATURE OF ACTIVITIES, PRINCIPLES OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Promises to Give

Promises to give consist of contributions due in less than one year are recorded at their realizable value upon receipt. An allowance for doubtful collectability is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fund-raising activity. As of December 31, 2014 and 2013 management has estimated the allowance for doubtful collectability to be \$-0-

Property and Equipment

The Organization capitalizes all property and equipment expenditures with a cost of \$250 or more and having estimated useful lives of more than one year. Property and equipment are recorded at cost or, for donated items, at fair value as of the date received. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense when incurred.

When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the consolidated statement of activities for the respective period. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets as follows:

Building and improvements	15 – 40 years
Furniture and equipment	5 – 7 years
Software	5 years

Contributions of long-lived assets or contributions restricted for acquisition of long-lived assets are reported as increases in temporarily restricted net assets. When restrictions are considered met, an appropriate amount is reclassified to unrestricted net assets. The useful lives of the long-lived assets are calculated based on the organization's depreciation policy.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization or discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

During the year ended December 31, 2013 the Organization began receiving unconditional promises to give on-line. Investors are requested to denote the number of payments, schedule of payments and date of the last payment ("end dates") when submitting their unconditional promise to give. As of December 31, 2014 and 2013, the Organization had 30 and 12 investors, respectively, that have promised to give on a weekly or monthly basis with end dates through December 2017.

SPECIAL KIDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

NOTE A -- NATURE OF ACTIVITIES, PRINCIPLES OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Contributions (continued)

The Organization has estimated that the unconditional promises to give in 2015 will be collected, but due to the lack of history of the collections from on-line unconditional promises to give management has elected to record a 100% allowance on the consolidated statement of financial position for the unconditional promises to give required to be paid subsequent to 2015. As of December 31, 2014 the Organization had received \$40,475 on-line unconditional promises to give, of which \$27,545 were for collections after January 1, 2016. Therefore, as of December 31, 2014 total unconditional promises to give received on-line recorded on the consolidated statement of financial position totaled \$12,930.

Restricted contributions whose restrictions are met or accrued in the period the contributions are received are reported as unrestricted contributions.

Revenue Recognition of Patient Fees

The Organization offers family resources, outpatient rehabilitation services and professional nursing services for children with special needs. The Organization recognizes revenue on patient fees upon the date of service.

Deferred Revenue

The Organization each year organizes a Special Kids Race as a fundraiser for the Organization. Runners in the race will submit their registration fee for the Special Kids Race before the day of the race. Deferred revenue includes race registration fees received before the race. As of December 31, 2014 and 2013 the Organization has received \$40,008 and \$23,526 for the race in the subsequent period.

Functional Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services, management and general and fundraising.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) whereby only unrelated business income, as defined in Section 512(a)(1) of the Code, is subject to federal income tax. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2011, and to state tax authorities for years before 2009.

The Organization has evaluated its tax positions for all open tax years. Based on the evaluation of the Organization tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain positions has been recorded for the years ended December 31, 2014 and 2013.

Reclassification

Certain reclassifications have been made to the 2013 financial statements to conform to the presentation used in 2014.

SPECIAL KIDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

NOTE B – INVESTMENTS

The portfolio of investments is carried at their fair market value using the hierarchy level 1 fair value measurement by using quoted market prices. For donated investments, cost is determined to be the fair value at the date of gift. During the years ended December 31, 2014 and 2013 the Organization received \$83,348 and \$78,285, respectively, in donated investments. As of December 31, 2014 and 2013 the unrealized gain on these investments totaled \$7,388 and \$8,699, respectively. During the years ended December 31, 2014 and 2013 the change in the unrealized gain (loss) on investments totaled \$(1,311) and \$7,181, respectively. As of December 31, 2014 the investments of the Organization are invested in domestic stocks with a fair market value of \$102,269. As of December 31, 2013 the investments of the Organization are invested in domestic stocks and a large growth mutual fund with fair market values of \$45,967 and \$48,771, respectively.

NOTE C – ACCOUNTS RECEIVABLE, NET

Accounts receivables, net are composed of the following as of December 31, 2014 and 2013:

	2014	2013
Accounts receivable	\$ 101,582	\$ 92,996
Allowance for contractual adjustments	(26,354)	(37,396)
Allowance for uncollectible accounts receivable	(11,744)	(4,743)
Total accounts receivable, net	\$ 63,484	\$ 50,857

NOTE D – PROPERTY AND EQUIPMENT, NET

Property and equipment, net are composed of the following as of December 31, 2014 and 2013:

	2014	2013
Land	\$ 266,800	\$ 119,404
Building and improvements	1,820,028	760,907
Furniture and equipment	234,000	132,877
Software	53,776	63,576
Construction in process	143,860	191,071
	2,518,464	1,267,835
Less: accumulated depreciation and amortization	(297,574)	(261,684)
Total property and equipment, net	\$ 2,220,890	\$ 1,006,151

For the years ended December 31, 2014 and 2013, depreciation and amortization totaled \$56,447 and \$40,017.

SPECIAL KIDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

NOTE E – UNRESTRICTED NET ASSETS

Board of Directors designated net assets as of December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Designated net assets:		
Building fund	\$ 150,000	\$ 150,000
Macedonia Fund	<u>73,166</u>	<u>50,342</u>
	223,166	200,342
Undesignated assets	<u>2,365,503</u>	<u>819,814</u>
Total unrestricted net assets	<u>\$ 2,588,669</u>	<u>\$ 1,020,156</u>

The designations above are voluntary, board-approved segregations of unrestricted net assets for specific purposes and are used as an aid in planning future expenditures.

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the purpose of providing scholarships to clients, and operating specific programs, and construction and renovation of the facilities. As of December 31, 2014 and 2013 temporarily restricted support received totaled \$120,020 and \$1,961,549, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specifically made by donors by incurring costs for the construction of the new building and purchase of furniture, fixtures and equipment for use in the new building, through providing scholarships for children who receive services from Special Kids, and operating Camp Ability. During the years ended December 31, 2014 and 2013, net assets released from restriction totaled \$1,437,078 and \$158,505, respectively.

The temporarily restricted net assets as of December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Facilities construction and renovation	\$ 501,724	\$ 1,774,785
Equipment	1,000	4,000
Rehabilitation program scholarships	29,630	71,994
Camp Ability	26,139	19,906
Family services	5,585	21,471
Nursing supplies	6,020	-
Group feeding therapy program	5,000	-
Mission fund	<u>14,814</u>	<u>14,814</u>
Total temporarily restricted net assets	<u>\$ 589,912</u>	<u>\$ 1,906,970</u>

SPECIAL KIDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

NOTE G - RELATED PARTY TRANSACTIONS

The Organization provided various patient services for the children of directors and employees throughout the years ended December 31, 2014 and 2013. Services provided for the children of directors and employees during the year ended December 31, 2014 totaled \$-0- and \$1,514 respectively. Services provided for the children of directors and employees during the year ended December 31, 2013 totaled \$1,995 and \$33,000, respectively.

Accounts receivable, net at December 31, 2014 includes \$-0- and \$2,957 due from directors' and employees or the employees' insurance companies, respectively, and is expected to be paid by insurance reimbursement. Accounts receivable, net at December 31, 2013 includes \$12 and \$1,410 due from directors' and employees or the employees' insurance companies, respectively, and is expected to be paid by insurance reimbursement or payment from the employee or director.

NOTE H - CONCENTRATION OF RISK

The Organization is highly dependent on insurance company reimbursement of fees for rehabilitation and nursing services and charitable contributions. If the insurance funding for rehabilitation and nursing services decreased extensively, the Organization would experience serious difficulty in continuing operations. Also, because the Organization is a TennCare provider there is a risk related to continuance of the TennCare program. Management indicated that it is expected that if the TennCare program is discontinued, another provider arrangement would be made or the services would revert to the federal Medicaid program.

At times throughout the year, the Organization may maintain cash balances in certain accounts in excess of the Federal Deposit Insurance Corporation ("FDIC") limit of \$250,000 for substantially all depository accounts. As of December 31, 2014 and 2013, the Organization had total funds in excess of the FDIC limits totaling \$66,924 and \$232,505, respectively.

NOTE I - CASH FLOW INFORMATION

During the years ended December 31, 2014 and 2013, net cash provided by operating activities included cash payments of interest totaling \$49 and \$-0-, respectively, and income taxes totaling \$-0- and \$-0-, respectively.

During the years ended December 31, 2014 and 2013, non-cash investing activities excluded from the statement of cash flows include in-kind donations of property and equipment totaling \$111,597 and \$174,499, respectively, and marketable securities totaling \$-0- and \$78,285, respectively.

NOTE J - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 23, 2015, which is the date the consolidated financial statements were available to be issued. In January 2015 the Organization completed the renovation of the medical facility where nursing services are provided. The renovations for this facility were in process as of December 31, 2014. There have been no other adjustments to the financial statements to include any subsequent transactions or events.