

Siloam Family Health Center

Report on Consolidated Financial Statements

For the years ended June 30, 2015 and 2014

Siloam Family Health Center
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Independent Auditor's Report

To the Board of Directors
Siloam Family Health Center
Nashville, Tennessee

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Siloam Family Health Center and its subsidiary (collectively, Siloam), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses and cash flows for the year 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 auditor's 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 Siloam Family Health Center and its subsidiary as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Correction of Prior Period Financial Statements

The consolidated financial statements of Siloam Family Health Center and its subsidiary as of and for the year ended June 30, 2014, were audited by Joseph Decosimo and Company, PLLC, who merged with Elliott Davis Decosimo, LLC as of January 1, 2015, and whose report dated September 24, 2014, expressed an unmodified opinion on those consolidated statements. As discussed in Note 3 to the consolidated financial statements, Siloam Family Health Center has restated its 2014 consolidated financial statements to correct an error in recording promises to give. Joseph Decosimo and Company, PLLC reported on the consolidated financial statements before the restatement.

As part of the audit of the 2015 consolidated financial statements, we also audited the adjustments described in Note 3 that were applied to restate the 2014 consolidated financial statements to correct an error. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to Siloam Family Health Center's 2014 consolidated financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2014 consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Elliott Davis Decosimo, LLC". The signature is written in a cursive, flowing style.

Brentwood, Tennessee
October 21, 2015

Siloam Family Health Center
Consolidated Statements of Financial Position
As of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u> (as restated)
Assets		
Cash and cash equivalents	\$ 1,412,013	\$ 1,156,751
Accounts receivable	325,939	271,969
Promises to give	228,434	233,450
Inventory	11,470	7,089
Prepaid expenses	24,278	21,446
Investments:		
Securities, at fair value	1,814,748	1,829,644
Cash and cash equivalents held by investment firm	55,752	51,043
Property and equipment, net	1,964,975	2,048,235
Total assets	<u>\$ 5,837,609</u>	<u>\$ 5,619,627</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 118,576	\$ 112,762
Accrued compensated absences	102,101	109,365
Total liabilities	<u>220,677</u>	<u>222,127</u>
Net assets		
Unrestricted net assets	4,909,223	4,860,056
Temporarily restricted net assets	707,709	537,444
Total net assets	<u>5,616,932</u>	<u>5,397,500</u>
Total liabilities and net assets	<u>\$ 5,837,609</u>	<u>\$ 5,619,627</u>

Siloam Family Health Center
Consolidated Statements of Activities
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u> (as restated)
Changes in Unrestricted Net Assets		
Public support and revenue		
Contributions	\$ 1,516,436	\$ 1,527,960
Service contracts	1,749,093	1,471,531
Donated services	471,041	459,299
Patient fees	206,958	196,842
Interest income	5,203	3,895
Investment income, net	74,813	231,428
Total public support and revenue	<u>4,023,544</u>	<u>3,890,955</u>
Net assets released from restrictions:		
Satisfaction of donor restrictions	<u>242,839</u>	<u>2,768</u>
Total public support and revenue and net assets released from restrictions	<u>4,266,383</u>	<u>3,893,723</u>
Expenses		
Program services	3,640,737	3,421,817
General and administrative	242,825	303,130
Fundraising	333,654	257,818
Total expenses	<u>4,217,216</u>	<u>3,982,765</u>
 Change in unrestricted net assets	 <u>49,167</u>	 <u>(89,042)</u>
Changes in temporarily restricted net assets		
Temporarily restricted contributions	413,104	242,984
Net assets released from restrictions	<u>(242,839)</u>	<u>(2,768)</u>
Changes in temporarily restricted net assets	<u>170,265</u>	<u>240,216</u>
 Change in net assets	 <u>219,432</u>	 <u>151,174</u>
Net assets, beginning of year, as previously reported	5,397,500	5,128,309
 Prior period adjustment	 <u>-</u>	 <u>118,017</u>
Net assets, beginning of year, as restated	<u>5,397,500</u>	<u>5,246,326</u>
 Net assets, end of year	 <u>\$ 5,616,932</u>	 <u>\$ 5,397,500</u>

Siloam Family Health Center
Consolidated Statements of Functional Expenses
For the Year Ended June 30, 2015

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 1,622,430	\$ 180,799	\$ 201,268	\$ 2,004,497
Employee benefits	200,666	13,699	21,524	235,889
Payroll taxes	117,337	13,286	14,747	145,370
Donated patient care	471,041	-	-	471,041
Contracted services	349,279	5,100	-	354,379
Medical and lab supplies	316,298	-	-	316,298
Lab fees	153,962	-	-	153,962
Interpreter services	79,021	-	-	79,021
Computer and equipment expense	75,912	2,263	5,203	83,378
Facilities	36,941	1,121	1,522	39,584
Utilities	24,205	734	997	25,936
Medical waste disposal	2,778	-	-	2,778
Insurance	23,827	4,527	988	29,342
Continuing education	2,712	904	190	3,806
Dues and licenses	6,466	282	-	6,748
Development	-	-	50,628	50,628
Volunteer development	3,735	79	-	3,814
Communications	1,378	-	28,087	29,465
Medical training	1,153	-	-	1,153
Office expense	12,436	1,067	1,949	15,452
Telephone	11,729	312	424	12,465
Accounting	-	9,300	-	9,300
Meetings, workshop and travel	5,989	3,438	676	10,103
Contingencies and miscellaneous	399	2,242	463	3,104
Depreciation	121,043	3,672	4,988	129,703
	<u>\$ 3,640,737</u>	<u>\$ 242,825</u>	<u>\$ 333,654</u>	<u>\$ 4,217,216</u>

Siloam Family Health Center
Consolidated Statements of Functional Expenses
For the Year Ended June 30, 2014

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 1,549,926	\$ 216,865	\$ 144,206	\$ 1,910,997
Employee benefits	178,422	27,211	23,074	228,707
Payroll taxes	111,842	16,068	10,536	138,446
Donated patient care	459,299	-	-	459,299
Contracted services	291,372	6,459	288	298,119
Medical and lab supplies	263,863	-	-	263,863
Lab fees	127,185	-	-	127,185
Interpreter services	110,376	-	-	110,376
Computer and equipment expense	51,473	2,176	3,415	57,064
Facilities	46,912	1,172	823	48,907
Utilities	24,802	353	403	25,558
Medical waste disposal	3,666	-	-	3,666
Insurance	30,674	4,486	446	35,606
Continuing education	2,555	53	-	2,608
Dues and licenses	1,525	3,195	360	5,080
Development	-	-	32,326	32,326
Volunteer development	3,330	68	182	3,580
Communications	3,099	110	35,184	38,393
Medical training	15,215	-	-	15,215
Office expense	8,314	1,214	1,238	10,766
Telephone	11,321	222	150	11,693
Accounting	-	7,000	-	7,000
Meetings, workshop and travel	4,471	3,044	449	7,964
Contingencies and miscellaneous	7,951	9,363	99	17,413
Depreciation	114,224	4,071	4,639	122,934
	<u>\$ 3,421,817</u>	<u>\$ 303,130</u>	<u>\$ 257,818</u>	<u>\$ 3,982,765</u>

Siloam Family Health Center
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u> (as restated)
Operating activities		
Change in net assets	\$ 219,432	\$ 151,174
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	129,703	122,934
Noncash capital contribution	(12,000)	-
Net realized and unrealized gains on investments	(28,573)	(182,969)
Loss on disposal of assets	413	456
Changes in operating assets and liabilities:		
Accounts receivable	(53,970)	159,209
Promises to give	5,016	(115,433)
Inventory	(4,381)	(7,089)
Prepaid expenses	(2,832)	2,809
Accounts payable and accrued expenses	5,814	(119,917)
Accrued compensated absences	(7,264)	14,271
Net cash flows from operating activities	<u>251,358</u>	<u>25,445</u>
Investing activities		
Proceeds from sale of securities	223,369	85,209
Purchases of securities	(179,900)	(154,588)
Furniture and equipment acquired	(34,856)	(19,837)
Net cash flows from investing activities	<u>8,613</u>	<u>(89,216)</u>
Net change in cash and cash equivalents	259,971	(63,771)
Cash and cash equivalents, beginning of year	<u>1,207,794</u>	<u>1,271,565</u>
Cash and cash equivalents, end of year	<u>\$ 1,467,765</u>	<u>\$ 1,207,794</u>
Cash and cash equivalents consist of the following:		
Cash and cash equivalents	\$ 1,412,013	\$ 1,156,751
Cash and cash equivalents held by investment firm	55,752	51,043
	<u>\$ 1,467,765</u>	<u>\$ 1,207,794</u>

Siloam Family Health Center
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

Note 1. Nature of Activities

Siloam Family Health Center (Siloam) is a nonprofit Tennessee corporation that exists to share the love of Christ by providing high-quality, affordable health care to the uninsured and underserved in Middle Tennessee. Siloam provides health care that addresses the physical, mental, spiritual and social determinants of health in a culturally sensitive and compassionate manner in its medical clinic in Nashville, Tennessee.

Note 2. Summary of Significant Accounting Policies

Accounting principles:

Siloam's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board has established the Accounting Standards Codification as the sole source of authoritative GAAP.

Principles of consolidation:

The consolidated financial statements include the accounts of Siloam and its wholly-owned subsidiary, Siloam Health Services, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

Financial statement presentation:

Siloam reports information regarding its consolidated financial position and activities according to three classes of net assets as follows:

Unrestricted net assets - include those assets whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects such as by contract or board designation.

Temporarily restricted net assets - include those contributions restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets. For contributions restricted to the acquisition of property and equipment, the restrictions are released when the asset is placed in service unless the donor has provided more explicit requirements.

Permanently restricted net assets - include contributions that donors have restricted in perpetuity. The investment return is available to support operations.

Public support and revenue are reported as increases in unrestricted net assets unless they are restricted by donor-imposed stipulations. Expenses are generally reported as decreases in unrestricted net assets.

Siloam Family Health Center
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

Note 2. Summary of Significant Accounting Policies, Continued

Contributions:

Contributions received, including unconditional promises to give, are reported as increases in unrestricted net assets unless specifically restricted by the donor, or if the contribution is designated as support for future periods. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Noncash donations are recorded as contributions at their estimated fair values at the date of the donation.

Service contracts:

Siloam recognizes revenues from service contracts related to the State of Tennessee and Catholic Charities of Tennessee, Inc. based on fees approved under such agreements. These revenues are recorded as unrestricted revenue.

Donated services:

Various physicians, nurses, pharmacists and medical support personnel donate services to Siloam. These services are accounted for at fair market value and totaled \$471,041 and \$459,299 in the years ended June 30, 2015 and 2014, respectively.

Significant medical services including, but not limited to, hospital and laboratory testing and pharmaceutical supplies are donated to patients of Siloam by other providers at little or no cost to the patient. These services and products are often given at the urging of Siloam. Since Siloam does not directly make the contributions, the value of such services and products are not reflected in the accompanying consolidated financial statements.

Patient fees:

Patient services are provided by Siloam at fees based on a sliding scale tied to the federal poverty level. However, no patient is turned away due to inability to pay. Since Siloam does not pursue collection of patient fees, they are recognized as revenue only when received.

Functional allocation of expenses:

Expenses are charged directly to program services, general and administrative or fundraising categories based on specific identification. Indirect expenses have been allocated based on estimates made by Siloam's management.

Siloam Family Health Center
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

Note 2. Summary of Significant Accounting Policies, Continued

Use of estimates:

The preparation of 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 changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Cash and cash equivalents:

Cash equivalents consist of short-term money market accounts with original maturities of 90 days or less and not invested as part of the investment fund. These amounts are carried at cost, which approximate fair value. Cash and cash equivalents that are part of the investment fund are shown within investments as those resources are not used for daily operating purposes.

Siloam maintains at various financial institutions cash and cash equivalent accounts which may at times exceed federally insured amounts and which may also exceed consolidated statement of financial position amounts due to outstanding checks. Cash in excess of federally insured limits totaled \$338,230 and \$61,938 as of June 30, 2015 and 2014, respectively. Management periodically evaluates the credit-worthiness of the financial institutions, and Siloam has not experienced any losses on such deposits.

Accounts receivable:

Accounts receivable consist of amounts due under service contracts and other receivables. Management considers all accounts collectible and, therefore, an allowance for doubtful accounts has not been recognized in the consolidated financial statements.

Promises to give:

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. An allowance for uncollectible promises to give is maintained at a level adequate to absorb probable losses and is provided based on management's judgement, including such factors as type of contribution. Promises to give are recognized after being discounted to the anticipated net present value of the future cash flows unless the discount amount is clearly inconsequential.

Inventory:

Inventory represents purchased pharmaceuticals held for use and is stated at the lower of cost or market. Cost is determined on a first-in, first-out (FIFO) method.

Siloam Family Health Center
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

Note 2. Summary of Significant Accounting Policies, Continued

Investments:

Siloam's investment securities are considered available-for-sale securities and, accordingly, are carried at fair value. Realized gains and losses on sales of securities are recognized on the trade date using the specific identification method. Market values are determined based on quoted prices and significant other observable inputs. Realized and unrealized investment earnings are included in investment income on the consolidated statements of activities.

Interest income is recognized as earned. Dividends are recognized on the ex-dividend date.

Property and equipment:

Property and equipment are stated at cost, or fair value at date of donation if contributed, less accumulated depreciation. Expenditures for repairs and maintenance are charged to expense as incurred and additions and improvements that significantly extend the lives of assets are capitalized. Upon the sale or other retirement of depreciable property, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

Depreciation is provided using the straight-line method over the estimated useful lives of the depreciable assets.

Income taxes:

Siloam is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and relevant state regulations. Siloam's federal exempt organization tax returns for the years ended June 30, 2012, 2013, and 2014, are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Fair value measurements:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establish a fair value hierarchy as described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3 – Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. These inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

Siloam Family Health Center
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

Note 2. Summary of Significant Accounting Policies, Continued

Fair value measurements: Continued

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Siloam's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Reclassifications:

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation.

Subsequent events:

Siloam has evaluated subsequent events for potential recognition and disclosure through October 21, 2015, the date the consolidated financial statements were available to be issued.

Note 3. Prior Period Adjustment and Restatement - Promises to Give

During the current year, it was determined that Siloam had understated its assets and revenues in previous years related to promises to give. Accordingly, Siloam has restated its previously issued 2014 consolidated financial statements to reflect the following corrections. Additionally, net assets as of July 1, 2013, have been increased by \$118,017 to reflect this correction related to periods not presented on the consolidated financial statements. Siloam also reclassified promises to give totaling \$50,000 (as reported in the table below) which were included in accounts receivable as of June 30, 2014.

	<u>Previously Reported</u>	<u>Increase (Decrease)</u>	<u>Restated</u>
<i>Consolidated Statement of Financial Position as of June 30, 2014</i>			
Promises to give	\$ 50,000	\$ 183,450	\$ 233,450
Total assets	\$ 5,436,177	\$ 183,450	\$ 5,619,627
Unrestricted net assets	\$ 4,910,056	\$ (50,000)	\$ 4,860,056
Temporarily restricted net assets	303,994	233,450	537,444
Total net assets	5,214,050	183,450	5,397,500
Total liabilities and net assets	\$ 5,436,177	\$ 183,450	\$ 5,619,627

Siloam Family Health Center
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

Note 3. Prior Period Adjustment and Restatement - Promises to Give, Continued

	<u>Previously Reported</u>	<u>Increase (Decrease)</u>	<u>Restated</u>
<i>Consolidated Statement of Activities for the year ended June 30, 2014</i>			
Contributions - unrestricted	\$ 1,695,977	\$ (168,017)	\$ 1,527,960
Total public support and revenue	4,058,972	(168,017)	3,890,955
Total public support and revenue and net assets released from restrictions	4,061,740	(168,017)	3,893,723
Changes in unrestricted net assets	78,975	(168,017)	(89,042)
Temporarily restricted contributions	9,534	233,450	242,984
Changes in temporarily restricted net assets	6,766	233,450	240,216
Changes in net assets	85,741	65,433	151,174
Net assets, end of year	\$ 5,214,050	\$ 183,450	\$ 5,397,500

Note 4. Promises to Give

Promises to give at June 30, 2015 and 2014, are as follows:

	<u>2015</u>	<u>2014</u>
Less than one year	\$ 203,434	\$ 183,450
One to five years	<u>25,000</u>	<u>50,000</u>
	<u>\$ 228,434</u>	<u>\$ 233,450</u>

Management determined that no allowance for uncollectible promises to give was necessary as of June 30, 2015 and 2014. As of June 30, 2015, one promise to give contribution represented 22% of total promises to give. As of June 30, 2014, two promises to give contributions represented 43% of total promises to give.

As of June 30, 2015 and 2014, Siloam had received conditional promises to give of \$275,000 and \$25,000, respectively.

Siloam Family Health Center
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

Note 5. Accounts Receivable

Accounts receivable consist of the following:

	<u>2015</u>	<u>2014</u> (as restated)
Service contracts	\$ 315,910	\$ 264,067
Other	<u>10,029</u>	<u>7,902</u>
	<u>\$ 325,939</u>	<u>\$ 271,969</u>

As of June 30, 2015 and 2014, receivables from two service contracts represented 97% and 82%, respectively, of Siloam’s total accounts receivable.

Note 6. Investments and Endowment Fund

Siloam’s endowment investment policy centers on the preservation of capital. Secondly, the Fund should provide reasonable growth of principal given the market environment, as well as an adequate level of income to supplement the financial needs of Siloam.

With that framework, the investment policy establishes an achievable return objective through diversification of asset classes. The monies in the endowment are to be invested in a portfolio that is comprised of equity securities, fixed income securities and cash reserves. All assets selected for the portfolio must have available market value and reasonable liquidity with the following target allocation:

Equities	50-70%*
Fixed Income	25-40%
Cash Reserves	0-10%

*American Depository Receipts (ADR’s) are to be limited to more than 10% of total equities owned.

The Fund is managed by an investment advisor and held by an investment firm.

Siloam’s spending policy allows the board to authorize disbursements up to 5% of the total value of the fund annually for use in operating activities. Amounts disbursed from the fund totaled \$85,000 and \$50,000 for the years ended June 30, 2015 and 2014, respectively.

Siloam Family Health Center
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

Note 6. Investments and Endowment Fund, Continued

As of June 30, 2015 and 2014, the board-designated endowment fund is summarized as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 55,752	\$ 55,752	\$ 51,043	\$ 51,043
Common equities	763,171	1,184,691	791,543	1,182,500
Corporate bonds	507,123	512,529	534,611	554,803
CMO and asset backed securities	14,906	14,495	22,489	21,434
Mutual funds	<u>96,043</u>	<u>103,033</u>	<u>61,421</u>	<u>70,907</u>
	<u>1,381,243</u>	<u>1,814,748</u>	<u>1,410,064</u>	<u>1,829,644</u>
	<u>\$1,436,995</u>	<u>\$1,870,500</u>	<u>\$1,461,107</u>	<u>\$1,880,687</u>

The changes in endowment net assets for the years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$1,880,687	\$1,699,259
Investment return:		
Change in unrealized gains	11,427	166,956
Realized gain on investments	17,146	16,013
Dividend and interest income	60,282	61,847
Investment fees	<u>(14,042)</u>	<u>(13,388)</u>
Investment income, net	<u>74,813</u>	<u>231,428</u>
Appropriation for expenditure	<u>(85,000)</u>	<u>(50,000)</u>
	<u>\$1,870,500</u>	<u>\$1,880,687</u>

Note 7. Property and Equipment

Property and equipment consist of the following major classifications:

	<u>2015</u>	<u>2014</u>
Land	\$ 291,560	\$ 291,560
Building	2,132,703	2,123,486
Furniture and equipment	<u>785,776</u>	<u>779,162</u>
	3,210,039	3,194,208
Accumulated depreciation	<u>(1,245,064)</u>	<u>(1,145,973)</u>
	<u>\$ 1,964,975</u>	<u>\$ 2,048,235</u>

Siloam Family Health Center
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

Note 8. Restricted Net Assets

Restricted net assets consist of the following:

	<u>2015</u>	<u>2014</u> (as restated)
Building Maintenance Fund	\$ 287,420	\$ 291,333
Komen Foundation	1,820	8,194
Community Health Outreach	231,692	-
Time restriction	185,934	233,450
Other	843	4,467
	<u>\$ 707,709</u>	<u>\$ 537,444</u>

Siloam has no permanently restricted net assets.

Note 9. Pension Plan

Siloam has a Savings Incentive Match Plan for Employees (SIMPLE) covering substantially all full-time employees. During the years ended June 30, 2015 and 2014, Siloam matched employee contributions up to 2% and 3% of qualifying compensation. Siloam's contributions under this plan totaled \$32,594 and \$37,581 for the years ended June 30, 2015 and 2014, respectively.

Note 10. Fair Value Measurements

The following table presents Siloam's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2015 and 2014:

	<u>Fair Value Measurements as of June 30, 2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 103,033	\$ -	\$ -	\$ 103,033
Common stock	1,184,691	-	-	1,184,691
Corporate bonds	-	512,529	-	512,529
Cash and cash equivalents	55,752	-	-	55,752
CMO and asset backed securities	-	14,495	-	14,495
Total assets at fair value	<u>\$ 1,343,476</u>	<u>\$ 527,024</u>	<u>\$ -</u>	<u>\$ 1,870,500</u>

Siloam Family Health Center
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

Note 10. Fair Value Measurements, Continued

	Fair Value Measurements as of June 30, 2014			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 70,907	\$ -	\$ -	\$ 70,907
Common stock	1,182,500	-	-	1,182,500
Corporate bonds	-	554,803	-	554,803
Cash and cash equivalents	51,043	-	-	51,043
CMO and asset backed securities	-	21,434	-	21,434
Total assets at fair value	<u>\$ 1,304,450</u>	<u>\$ 576,237</u>	<u>\$ -</u>	<u>\$ 1,880,687</u>

Siloam uses the market approach to determine the fair value of investments measured using Level 2 inputs.

Note 11. Concentration of Funding

Siloam receives a significant portion of its funds used for operations from a contract with Catholic Charities of Tennessee, Inc. A major reduction of funds from this contract, should it occur, would have a material effect on the programs and the financial position of Siloam.