

SILOAM FAMILY HEALTH CENTER

FINANCIAL STATEMENTS

June 30, 2016 and 2015

SILOAM FAMILY HEALTH CENTER

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Siloam Family Health Center and subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2016 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 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 subsidiary as of June 30, 2016, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The consolidated financial statements of the Siloam Family Health Center and subsidiary as of June 30, 2015 were audited by other auditors whose report dated October 21, 2015, expressed an unmodified opinion on those statements.

Frasier, Owen & Hand, PLLC

Nashville, Tennessee
September 6, 2016

SILOAM FAMILY HEALTH CENTER
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of June 30, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	\$ 1,615,936	\$ 1,412,013
Accounts receivable	352,335	325,939
Promises to give	358,475	228,434
Inventory	27,532	11,470
Prepaid expenses	26,677	24,278
Investments:		
Securities, at fair value	1,840,463	1,814,748
Cash and cash equivalents held by investment firm	157,721	55,752
Property and equipment, net	1,960,511	1,964,975
 Total assets	 \$ 6,339,650	 \$ 5,837,609
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 244,120	\$ 118,576
Accrued compensated absences	83,422	102,101
Unearned revenue	25,000	-
 Total liabilities	 352,542	 220,677
Net assets:		
Unrestricted net assets	5,129,688	4,909,223
Temporarily restricted net assets	857,420	707,709
 Total net assets	 5,987,108	 5,616,932
 Total liabilities and net assets	 \$ 6,339,650	 \$ 5,837,609

See accompanying notes.

SILOAM FAMILY HEALTH CENTER
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Changes in Unrestricted Net Assets:		
Public support and revenue:		
Contributions	\$ 1,482,660	\$ 1,516,436
Service contracts	1,977,209	1,749,093
Donated services	443,167	471,041
Patient fees	231,428	206,958
Investment income, net	127,684	74,813
Interest income	7,867	5,203
Total public support and revenue	<u>4,270,015</u>	<u>4,023,544</u>
Net assets released from restrictions:		
Satisfaction of donor restrictions	<u>429,708</u>	<u>242,839</u>
Total public support and revenue and net assets released from restrictions	<u>4,699,723</u>	<u>4,266,383</u>
Expenses:		
Program services	3,896,883	3,640,737
General and administrative	225,200	242,825
Fundraising	<u>357,175</u>	<u>333,654</u>
Total expenses	<u>4,479,258</u>	<u>4,217,216</u>
Change in unrestricted net assets	<u>220,465</u>	<u>49,167</u>
Changes in temporarily restricted net assets:		
Temporarily restricted contributions	579,419	413,104
Net assets released from restrictions	<u>(429,708)</u>	<u>(242,839)</u>
Changes in temporarily restricted net assets	<u>149,711</u>	<u>170,265</u>
Change in net assets	370,176	219,432
Net assets, beginning of year	<u>5,616,932</u>	<u>5,397,500</u>
Net assets, end of year	<u><u>\$ 5,987,108</u></u>	<u><u>\$ 5,616,932</u></u>

See accompanying notes.

SILOAM FAMILY HEALTH CENTER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2016

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,715,063	\$ 151,994	\$ 218,620	\$ 2,085,677
Contracted services	465,225	1,763	-	466,988
Donated patient care	443,167	-	-	443,167
Medical and lab supplies	317,677	-	-	317,677
Employee benefits	216,288	16,397	29,043	261,728
Lab fees	174,344	-	-	174,344
Payroll taxes	124,348	11,080	16,215	151,643
Depreciation	107,488	3,213	4,930	115,631
Technology expense	83,727	2,728	5,514	91,969
Interpreter services	75,254	-	-	75,254
Facilities	57,622	1,723	2,643	61,988
Development	-	-	38,332	38,332
Communications	3,187	-	32,771	35,958
Insurance	29,806	4,830	1,271	35,907
Utilities	25,540	763	1,172	27,475
Meetings, workshop and travel	11,667	4,769	2,894	19,330
Miscellaneous	5,863	9,073	19	14,955
Telephone	10,867	287	440	11,594
Dues and licenses	5,180	5,462	539	11,181
Office expense	7,967	521	2,528	11,016
Accounting	-	10,026	-	10,026
Institute programs	7,904	-	-	7,904
Volunteer development	5,465	105	244	5,814
Medical waste disposal	2,522	-	-	2,522
Continuing education	712	466	-	1,178
	<u>\$ 3,896,883</u>	<u>\$ 225,200</u>	<u>\$ 357,175</u>	<u>\$ 4,479,258</u>

See accompanying notes.

SILOAM FAMILY HEALTH CENTER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2015

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

See accompanying notes.

SILOAM FAMILY HEALTH CENTER
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating activities:		
Change in net assets	\$ 370,176	\$ 219,432
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	115,631	129,703
Noncash capital contribution	(8,000)	(12,000)
Net realized and unrealized gains on investments	(81,477)	(28,573)
Loss on disposal of assets	-	413
Changes in operating assets and liabilities:		
Accounts receivable	(26,396)	(53,970)
Promises to give	(130,041)	5,016
Inventory	(16,062)	(4,381)
Prepaid expenses	(2,399)	(2,832)
Accounts payable and accrued expenses	125,544	5,814
Accrued compensated absences	(18,679)	(7,264)
Unearned revenue	25,000	-
	<u>353,297</u>	<u>251,358</u>
Net cash flows provided by operating activities		
Investing activities:		
Proceeds from sale of securities	288,712	223,369
Purchases of securities	(232,950)	(179,900)
Furniture and equipment acquired	(103,167)	(34,856)
	<u>(47,405)</u>	<u>8,613</u>
Net cash flows (used in) provided by investing activities		
Net change in cash and equivalents	305,892	259,971
Cash and cash equivalents, beginning of year	<u>1,467,765</u>	<u>1,207,794</u>
Cash and cash equivalents, end of year	<u>\$ 1,773,657</u>	<u>\$ 1,467,765</u>
Cash and cash equivalents consist of the following:		
Cash and cash equivalents	\$ 1,615,936	\$ 1,412,013
Cash and cash equivalents held by investment firm	<u>157,721</u>	<u>55,752</u>
	<u>\$ 1,773,657</u>	<u>\$ 1,467,765</u>

See accompanying notes.

SILOAM FAMILY HEALTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 – NATURE OF ACTIVITIES

Siloam Family Health Center (Siloam) is a nonprofit Tennessee corporation that exists to share the love of Christ with those in need 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 (Continued)
June 30, 2016 and 2015

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 \$443,167 and \$471,041 in the years ended June 30, 2016 and 2015, respectively.

Significant medical services included, 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 (Continued)
June 30, 2016 and 2015

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 time 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 \$576,685 and \$338,230, as of June 30, 2016 and 2015, 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 (Continued)
June 30, 2016 and 2015

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, 2013, 2014, and 2015 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. Accounting principles generally accepted in the United States of America 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 with Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable data.

SILOAM FAMILY HEALTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Level 3 – Inputs that are observable 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 value are based upon the best information in the circumstances and may require significant management judgment or estimation.

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.

Subsequent Events

Siloam has evaluated subsequent events for potential recognition and disclosure through September 6, 2016, the date the consolidated financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the consolidated financial statements.

NOTE 3 – PROMISES TO GIVE

Promises to give at June 30, 2016 and 2015, are as follows:

	2016	2015
Less than one year	\$ 358,475	\$ 203,434
One to five years	-	25,000
	\$ 358,475	\$ 228,434

Management determined that no allowance for uncollectible promises to give was necessary as of June 30, 2016 and 2015. As of June 30, 2016, one promise to give contribution represented 56% of total promises to give. As of June 30, 2015, one promise to give contribution represented 22% of total promises to give.

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

SILOAM FAMILY HEALTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2016	2015
Service contracts	\$ 346,040	\$ 315,910
Other	6,295	10,029
	<u>\$ 352,335</u>	<u>\$ 325,939</u>

As of June 30, 2016 and 2015, receivables from two service contracts represented 98% and 97%, respectively, of Siloam’s total accounts receivable.

NOTE 5 – 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 no 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 the use in operating activities. Amounts disbursed from the fund totaled \$0 and \$85,000 for the years ended June 30, 2016 and 2015, respectively.

SILOAM FAMILY HEALTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 5 – INVESTMENTS AND ENDOWMENT FUND (Continued)

The board-designated endowment fund is summarized as follows as of June 30:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 157,721	\$ 55,752
Common equities	1,290,308	1,184,691
Corporate bonds	459,964	512,529
CMO and asset backed securities	10,140	14,495
Mutual funds	<u>80,051</u>	<u>103,033</u>
	<u>1,840,463</u>	<u>1,814,748</u>
	<u>\$ 1,998,184</u>	<u>\$ 1,870,500</u>

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

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 1,870,500	\$ 1,880,687
Investment return:		
Change in unrealized gains	71,093	11,427
Realized gain on investments	10,384	17,146
Dividend and interest income	60,079	60,282
Investment fees	<u>(13,872)</u>	<u>(14,042)</u>
Investment income, net	127,684	74,813
Appropriation for expenditure	<u>-</u>	<u>(85,000)</u>
	<u>\$ 1,998,184</u>	<u>\$ 1,870,500</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following major classifications at June 30:

	<u>2016</u>	<u>2015</u>
Land	\$ 291,560	\$ 291,560
Building	2,165,035	2,132,703
Furniture and equipment	<u>813,841</u>	<u>785,776</u>
	3,270,436	3,210,039
Accumulated depreciation	<u>(1,309,925)</u>	<u>(1,245,064)</u>
	<u>\$ 1,960,511</u>	<u>\$ 1,964,975</u>

SILOAM FAMILY HEALTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 7 – RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Community Health Outreach	\$ 497,409	\$ 231,692
Building Maintenance Fund	248,318	287,420
Time restriction	108,875	185,934
Other	<u>2,818</u>	<u>2,663</u>
	<u>\$ 857,420</u>	<u>\$ 707,709</u>

Siloam has no permanently restricted net assets.

NOTE 8 – PENSION PLAN

Siloam has a Savings Incentive Match Plan for Employees (SIMPLE) covering substantially all full-time employees. During the years ended June 30, 2016 and 2015, Siloam matched employee contributions up to 3% and 2% of qualifying compensation. Siloam's contributions under this plan totaled \$34,178 and \$32,594 for the years ended June 30, 2016 and 2015, respectively.

NOTE 9 – FAIR VALUE MEASUREMENTS

The following table represents Siloam's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2016 and 2015:

	<u>Fair Value Measurements as of June 30, 2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 80,051	\$ -	\$ -	\$ 80,051
Common stock	1,290,308	-	-	1,290,308
Corporate bonds	-	459,964	-	459,964
Cash and cash equivalents	157,721	-	-	157,721
CMO and asset backed securities	<u>-</u>	<u>10,140</u>	<u>-</u>	<u>10,140</u>
Total assets at fair value	<u>\$ 1,528,080</u>	<u>\$ 470,104</u>	<u>\$ -</u>	<u>\$ 1,998,184</u>

SILOAM FAMILY HEALTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 9 – FAIR VALUE MEASUREMENTS (Continued)

	Fair Value Measurements as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
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	\$ 1,343,476	\$ 527,024	\$ -	\$ 1,870,500

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

NOTE 10 – CONCENTRATION OF FUNDING

Siloam receives a significant portion of 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.