

# **Siloam Health**

Consolidated Financial Statements  
For the Years Ended June 30, 2024 and 2023

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For the Years Ended June 30, 2024 and 2023

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**Siloam Health**  
Roster of Officials  
As of June 30, 2024

**Board of Directors**

Doug Heimbürger, MD	Chairman
Gary Bell	Treasurer
Missy Wallace	Vice Chair
Stephen Roberts	Secretary
Mark Marsden	Director
Ana Escobar	Director
Rahwa Mehari	Director
Brevard Haynes, MD	Director
Kolin Holladay	Director
Fady Al-Hagal	Director
Martha Ezell	Director
Michael Berry	Director
Eric Keen	Director
Nancy Youssef	Director
Todd McKee	Director
Albert Tsay, CPA	Director
Shon Dwyer	Director
Kevon Saber	Director
Morgan McDonald	Director
Bobby Watts	Director
Raymond Martin III, MD	(EX OFFICIO)
Matt Schappell	(EX OFFICIO)

**Executive Management**

Katie Richards	President & CEO
Michael Draper (5/22/24 - 6/30/24)	CDO
Mario Flores	CFO
Danielle Helson	COO
Jim Henderson (7/1/23 - 3/1/24) former CMO	CMO
Julie West (3/1/24 - 6/30/24)	CMO
Amy Richardson	CCHO



## Independent Auditor's Report

Board of Directors  
Siloam Health

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the consolidated financial statements of Siloam Health and its subsidiaries (the Organization), a not-for-profit organization, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards and state financial assistance, as required by the State of Tennessee, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the roster of officials but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Organization's internal control over financial reporting and compliance.

*Blankenship CPA Group PLLC*

Blankenship CPA Group, PLLC  
Nashville, Tennessee  
October 10, 2024

**Siloam Health**  
Consolidated Statements of Financial Position  
For the Years Ended June 30, 2024 and 2023

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 4,297,753	\$ 4,261,499
Accounts receivable	332,698	231,232
Unconditional promises to give - current, net	402,521	347,545
Inventory	19,886	20,067
Prepaid expenses	84,985	82,675
Total current assets	5,137,843	4,943,018
Unconditional promises to give - noncurrent	-	44,500
Investments		
Cash and cash equivalents held by investment firm	11,345	36,857
Securities at fair value	2,633,006	2,356,703
Cash and cash equivalents whose use is limited	575,048	1,307,675
Operating lease right-of-use assets	74,313	120,760
Property and equipment, net	1,858,668	1,913,801
Total assets	<b>\$ 10,290,223</b>	<b>\$ 10,723,314</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 215,372	\$ 187,008
Accrued compensated absences	211,291	185,041
Deferred revenue	33,750	-
Operating lease liabilities, current portion	40,436	42,823
Total current liabilities	500,849	414,872
Operating lease liabilities, net of current portion	30,077	74,137
Total liabilities	530,926	489,009
Without donor restrictions		
Undesignated	5,977,376	5,975,131
Board-designated	2,644,351	2,393,560
Total without donor restrictions	8,621,727	8,368,691
With donor restrictions	1,137,570	1,865,614
Total net assets	9,759,297	10,234,305
Total liabilities and net assets	<b>\$ 10,290,223</b>	<b>\$ 10,723,314</b>

**Siloam Health**  
Consolidated Statement of Activities  
For the Year Ended June 30, 2024

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Public Support and Revenues</b>			
Contributions of cash and other financial assets	\$ 2,764,803	\$ 81,037	\$ 2,845,840
Contributions of nonfinancial assets	435,832	-	435,832
Service contracts	3,023,161	-	3,023,161
Patient fees	832,968	-	832,968
Investment income (loss), net	250,792	-	250,792
Interest income	86,152	-	86,152
Net assets released from restrictions	<u>809,081</u>	<u>(809,081)</u>	<u>-</u>
Total public support and revenues	8,202,789	(728,044)	7,474,745
<b>Expenses</b>			
Program services	6,199,372	-	6,199,372
Management and general	731,254	-	731,254
Fundraising	<u>1,019,127</u>	<u>-</u>	<u>1,019,127</u>
Total expenses	7,949,753	-	7,949,753
Change in net assets	253,036	(728,044)	(475,008)
Net assets, beginning of year	<u>8,368,691</u>	<u>1,865,614</u>	<u>10,234,305</u>
Net assets, end of year	<b>\$ 8,621,727</b>	<b>\$ 1,137,570</b>	<b>\$ 9,759,297</b>



**Siloam Health**  
Consolidated Statement of Activities  
For the Year Ended June 30, 2023

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Public Support and Revenues</b>			
Contributions of cash and other financial assets	\$ 2,795,936	\$ 22,000	\$ 2,817,936
Contributions of nonfinancial assets	861,829	-	861,829
Service contracts	2,295,660	-	2,295,660
Patient fees	875,444	-	875,444
Investment income (loss), net	199,679	-	199,679
Interest income	64,456	-	64,456
Net assets released from restrictions	<u>939,024</u>	<u>(939,024)</u>	<u>-</u>
Total public support and revenues	8,032,028	(917,024)	7,115,004
<b>Expenses</b>			
Program services	6,222,592	-	6,222,592
Management and general	607,099	-	607,099
Fundraising	<u>1,060,889</u>	<u>-</u>	<u>1,060,889</u>
Total expenses	7,890,580	-	7,890,580
Change in net assets	141,448	(917,024)	(775,576)
Net assets, beginning of year	<u>8,227,243</u>	<u>2,782,638</u>	<u>11,009,881</u>
Net assets, end of year	<b>\$ 8,368,691</b>	<b>\$ 1,865,614</b>	<b>\$ 10,234,305</b>

**Siloam Health**  
Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2024

	Program services	Supporting Services		Total
		Management and general	Fundraising	
Salaries	\$ 3,395,126	\$ 469,300	\$ 485,695	\$ 4,350,121
Payroll taxes	254,075	34,226	26,293	314,594
Employee benefits	490,221	66,621	71,031	627,873
Accounting	12,386	20,800	-	33,186
Communications	7,902	431	79,565	87,898
Contracted services	304,656	26,143	3,744	334,543
Depreciation	156,839	5,593	9,389	171,821
Development	-	-	60,388	60,388
Donated patient care	407,260	12,664	15,908	435,832
Dues and licenses	21,017	4,766	7,431	33,214
Facilities	175,427	3,757	6,306	185,490
Insurance	46,764	6,202	3,115	56,081
Interpreter services	68,487	-	-	68,487
Lab fees	202,138	-	-	202,138
Medical and lab supplies	373,955	-	-	373,955
Meeting, workshop, and travel	27,561	64,096	7,921	99,578
Office expense	23,756	48	1,351	25,155
Technology costs	174,256	13,878	31,044	219,178
Telephone	14,673	-	-	14,673
Utilities	34,566	1,024	1,719	37,309
Volunteer development	1,439	-	-	1,439
Contingencies and miscellaneous	6,868	1,705	208,227	216,800
	<b>\$ 6,199,372</b>	<b>\$ 731,254</b>	<b>\$ 1,019,127</b>	<b>\$ 7,949,753</b>

**Siloam Health**  
Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2023

	Program services	Supporting Services		Total
		Management and general	Fundraising	
Salaries	\$ 3,286,708	\$ 330,280	\$ 621,032	\$ 4,238,020
Payroll taxes	237,811	25,228	45,175	308,214
Employee benefits	493,070	89,842	77,863	660,775
Accounting	10,487	16,750	-	27,237
Communications	25,776	393	62,115	88,284
Contracted services	47,042	66,257	-	113,299
Depreciation	154,118	6,541	7,016	167,675
Development	-	-	169,573	169,573
Donated patient care	840,283	10,471	11,075	861,829
Dues and licenses	12,085	13,923	7,416	33,424
Facilities	149,702	3,837	4,116	157,655
Insurance	38,785	6,282	2,027	47,094
Interpreter services	75,480	-	-	75,480
Lab fees	204,605	-	-	204,605
Medical and lab supplies	381,843	-	-	381,843
Meeting, workshop, and travel	29,093	24,939	5,135	59,167
Office expense	28,679	625	2,334	31,638
Technology costs	147,401	8,612	25,751	181,764
Telephone	7,579	-	-	7,579
Utilities	36,951	1,372	1,471	39,794
Volunteer development	5,966	-	-	5,966
Contingencies and miscellaneous	9,128	1,747	18,790	29,665
	<b>\$ 6,222,592</b>	<b>\$ 607,099</b>	<b>\$ 1,060,889</b>	<b>\$ 7,890,580</b>

**Siloam Health**  
Consolidated Statements of Cash Flows  
For the Years Ended June 30, 2024 and 2023

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents, beginning of year	\$ 5,606,031	\$ 5,721,850
<b>Cash flows from operating activities</b>		
Change in net assets	(475,008)	(775,576)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	171,821	167,675
Non cash lease expense	-	(3,800)
Net unrealized (gains) losses on investments	(200,835)	(184,742)
Contributions restricted for long-term purposes	-	(22,000)
Change in:		
Accounts receivable	(101,466)	336,492
Unconditional promises to give, net	(86,930)	156,775
Inventory	181	2,017
Prepaid expenses	(2,310)	27,840
Accounts payable and accrued expenses	28,364	(88,573)
Accrued compensated absences	26,250	6,694
Deferred revenue	33,750	-
Net cash provided (used) by operating activities	(606,183)	(377,198)
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	174,582	84,466
Purchases of investments	(250,050)	(76,275)
Purchases of property and equipment	(116,688)	(64,129)
Net cash provided (used) by investing activities	(192,156)	(55,938)
<b>Cash flows from financing activities</b>		
Capital campaign contributions received	76,454	317,317
Net change in cash and cash equivalents	(721,885)	(115,819)
Cash and cash equivalents, end of year	<b>\$ 4,884,146</b>	<b>\$ 5,606,031</b>
<b>Reconciliation to the consolidated statements of financial position</b>		
Cash and cash equivalents	\$ 4,297,753	\$ 4,261,499
Cash and cash equivalents held by investment firm	11,345	36,857
Cash and cash equivalents whose use is limited	575,048	1,307,675
	<b>\$ 4,884,146</b>	<b>\$ 5,606,031</b>

**Siloam Health**  
Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2024 and 2023

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**Note 1. Nature of Activities**

Siloam Health, including its wholly owned subsidiaries (collectively, the Organization) is a faith-based, nonprofit organization that provides affordable, high quality, whole-person health care to the uninsured and underserved in Middle Tennessee as well as health promotion among Nashville's immigrant and refugee populations. Through the Organization's comprehensive medical care and community health programs, the Organization addresses not only the physical health of the people they serve, but their spiritual, emotional, and mental health as well. The Organization also offers mentorship to the next generation of health care providers through its student education initiatives. The Organization's mission is to share the love of Christ by serving those in need through health care.

**Note 2. Summary of Significant Accounting Policies**

**Accounting Principles**

The Organization's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).

**Principles of Consolidation**

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

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and its Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. None of the Organization's net assets with donor restrictions are required to be held in perpetuity by the donors at June 30, 2024.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with US GAAP 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.

**Siloam Health**  
Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2024 and 2023

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**Note 2. Summary of Significant Accounting Policies**

**Revenue Recognition**

*Contributions of Cash and Other Financial Assets*

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as increases to net assets without donor restrictions.

*Contributions of Nonfinancial Assets*

Contributed services are reflected in the financial statements at the estimated fair value of the services received only when those services either (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

*Service Contracts*

The Organization has contracts with the state of Tennessee and Catholic Charities of Tennessee, Inc. to perform health care related services, which are reimbursed at agreed upon contractual rates. Such revenue is included in service contracts revenue in the consolidated statement of activities. Revenue is recognized at a point in time as the services are performed and when collectability is reasonably assured.

The Organization recognizes revenues from service contracts related to the state of Tennessee and Catholic Charities of Tennessee, Inc. at the time services are performed based on fees approved under such agreements.

Net receivables from service contracts totaled \$331,934 and \$230,289 at June 30, 2024 and 2023, respectively.

*Patient Fees*

The Organization operates two health clinics in the Melrose and Antioch areas of Nashville. Such revenue is included in patient fees revenue in the consolidated statement of activities. Revenue is recognized at a point in time as the patient receives the benefit of the Organization's services and when collectability is reasonably assured.

Patient services are provided by the Organization 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 the Organization does not pursue collection of patient fees, they are recognized as revenue only when received.

*Performance Obligations*

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's contracts with customers do not typically include multiple performance obligations.

**Siloam Health**  
Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2024 and 2023

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**Note 2. Summary of Significant Accounting Policies**

**Revenue Recognition**

*Variable Consideration/Payment Terms*

The Organization's contracts with customers do not result in variable consideration or contract modifications. The Organization's payment terms vary based on the procedure performed and the sliding scale rate. The time between invoicing and when payment is due is not significant. The Organization's contracts with customers do not generally result in significant obligations associated with returns, refunds, or warranties.

*Disaggregation of Revenue*

The consolidated statement of activities depicts the disaggregation of revenue by service for the year. This is consistent with how the Organization evaluates financial performance.

**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.

Cash and cash equivalents whose use is limited represents funds received and restricted for purposes of general expansion and the opening of an additional satellite location.

**Accounts Receivable and Allowance for Credit Losses**

Accounts receivable consist of amounts due under grant contracts and other receivables. The carrying amount of accounts receivable is reduced by a valuation allowance, if necessary, which reflects management's best estimate of the amounts that will not be collected. The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 326, *Financial Instruments – Credit Losses* as of July 1, 2023, with the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit loss (CECL) methodology is applicable to financial assets measured at amortized cost, which include trade receivables and contract assets. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis.

The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. The allowance for credit losses as of June 30, 2024, and change in the allowance for credit losses during the year ended June 30, 2024, was not material to the financial statements. Prior to adoption of ASC 326, the Organization maintained an allowance for doubtful accounts to reserve for potentially uncollectible receivables. The allowance for doubtful accounts as of June 30, 2023, was not material to the 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.

**Siloam Health**  
Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2024 and 2023

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**Note 2. Summary of Significant Accounting Policies**

**Inventory**

Inventory represents purchased pharmaceuticals held for use and is stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out method.

**Investments**

The Organization's investment securities are recorded at fair value if donated and at cost if purchased and adjusted annually to 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**

The Organization is exempt from income tax under Internal Revenue Code (IRC) section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**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. US GAAP establishes 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.

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.



**Siloam Health**  
Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2024 and 2023

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**Note 2. Summary of Significant Accounting Policies**

**Fair Value Measurements**

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. The Organization'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.

**Functional Allocation of Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. While most costs have been directly assigned to a functional category, certain joint costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that are allocated consist primarily of salaries and wages, which are allocated based on time and effort.

**Leases**

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract.

The Organization recognizes most leases on its statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred.

The Organization has made an accounting policy election to use the risk-free rate as the discount rate if the rate implicit in the lease is not readily determinable. The risk-free rate is the rate of a zero-coupon US Treasury instrument for the same period as the time of the lease term.

**Siloam Health**  
Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2024 and 2023

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**Note 3. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use within one year of the consolidated statement of financial position comprise the following:

	<b>2024</b>	<b>2023</b>
Financial assets		
Cash and cash equivalents	\$ 4,297,753	\$ 4,261,499
Cash and cash equivalents held by investment firm	11,345	36,857
Cash and cash equivalents whose use is limited	575,048	1,307,675
Accounts receivable	332,698	231,232
Unconditional promises to give, net	402,521	392,045
Investment securities at fair value	<u>2,633,006</u>	<u>2,356,702</u>
Total financial assets at year-end	8,252,371	8,586,010
Less amounts not available to be used within one year		
Net assets restricted for specific programs	(160,001)	(165,894)
Net assets restricted for time	(402,521)	(392,045)
Cash and cash equivalents whose use is limited	(575,048)	(1,307,675)
Board-designated net assets	<u>(2,644,351)</u>	<u>(2,393,560)</u>
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 4,470,450</b>	<b>\$ 4,326,836</b>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures.

**Note 4. Accounts Receivable**

Accounts receivable consist of the following:

	<b>2024</b>	<b>2023</b>
Service contracts	\$ 331,934	\$ 230,289
Other	<u>764</u>	<u>943</u>
	<b>\$ 332,698</b>	<b>\$ 231,232</b>

**Siloam Health**  
Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2024 and 2023

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**Note 5. Unconditional Promises to Give**

Unconditional promises to give are as follows:

	<b>2024</b>	<b>2023</b>
Less than one year	\$ 402,521	\$ 347,545
In one to five years	<u>-</u>	<u>44,500</u>
	<b>\$ 402,521</b>	<b>\$ 392,045</b>

Management determined that no allowance for uncollectible promises to give was necessary as of year-end.

The Organization began a capital campaign called "Comprehensive Campaign" in 2020 to raise funds to finance an additional satellite location and general expansion. The total contributions pledged for the capital campaign for the years ended June 30, 2024 and 2023 were \$0 and \$22,000, respectively. Total pledged campaign contributions received for the years ended June 30, 2024 and 2023 were \$76,454 and \$317,317. As of June 30, 2024 and 2023, the outstanding pledge balances totaled \$20,000 and \$285,304, respectively, which are included in unconditional promises to give. Contributions received during the campaign and unused for the additional satellite location total \$575,048 and \$1,307,675 as of June 30, 2024 and 2023, respectively, and are presented as cash and cash equivalents whose use is limited.

**Note 6. Investments and Board-designated Reserves Fund**

The Organization's board-designated reserves investment policy centers on the preservation of its long-term real purchasing power while providing a relatively predictable and increasing stream of annual distributions when needed to supplement the financial needs of the Organization. The Organization targets a diverse asset allocation that places an emphasis on marketable equity and fixed income securities within prudent risk constraints. The fund is managed by an investment advisor and held by an investment firm.

The Organization'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. No funds were disbursed from the fund during the year.

The board-designated reserves fund is summarized as follows:

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 11,345	\$ 36,857
Common stock	1,671,669	1,512,043
Corporate bonds	845,163	752,146
Exchange traded funds	100,494	76,434
Real estate investment trusts (REIT)	<u>15,680</u>	<u>16,080</u>
	<b>\$ 2,644,351</b>	<b>\$ 2,393,560</b>

**Siloam Health**  
Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2024 and 2023

**Note 6. Investments and Board-designated Reserves Fund**

The changes in board-designated net assets for the year is summarized as follows:

	<b>2024</b>	<b>2023</b>
Balance, beginning of year	\$ 2,393,560	\$ 2,193,879
Investment return		
Realized and unrealized gains (losses)	201,435	176,542
Dividend and interest income	67,305	62,385
Investment fees	<u>(17,949)</u>	<u>(16,454)</u>
	2,644,351	2,416,352
Appropriation for expenditure	<u>-</u>	<u>(22,792)</u>
Balance, end of year	<b>\$ 2,644,351</b>	<b>\$ 2,393,560</b>

**Note 7. Fair Value Measurements**

The classification of the Organization's investment securities at fair value are as follows at June 30, 2024:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash equivalents	\$ 11,345	\$ -	\$ -	\$ 11,345
Common stock	1,671,669	-	-	1,671,669
Corporate bonds	-	845,163	-	845,163
Exchange traded funds	100,494	-	-	100,494
REIT	<u>15,680</u>	<u>-</u>	<u>-</u>	<u>15,680</u>
Total assets at fair value	<b>\$ 1,799,188</b>	<b>\$ 845,163</b>	<b>\$ -</b>	<b>\$ 2,644,351</b>

The classification of the Organization's investment securities at fair value are as follows at June 30, 2023:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash equivalents	\$ 36,857	\$ -	\$ -	\$ 36,857
Common stock	1,512,043	-	-	1,512,043
Corporate bonds	-	752,146	-	752,146
Exchange traded funds	76,434	-	-	76,434
REIT	<u>16,080</u>	<u>-</u>	<u>-</u>	<u>16,080</u>
Total assets at fair value	<b>\$ 1,641,414</b>	<b>\$ 752,146</b>	<b>\$ -</b>	<b>\$ 2,393,560</b>

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

**Siloam Health**  
Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2024 and 2023

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**Note 8. Property and Equipment**

Property and equipment consist of the following major classifications:

	<b>2024</b>	<b>2023</b>
Land	\$ 291,560	\$ 291,560
Building	2,472,470	2,466,220
Furniture and equipment	1,100,884	1,033,594
Leasehold improvements	<u>332,044</u>	<u>301,814</u>
	4,196,958	4,093,188
Less: accumulated depreciation	<u>(2,338,290)</u>	<u>(2,179,387)</u>
	<b>\$ 1,858,668</b>	<b>\$ 1,913,801</b>

**Note 9. Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following:

	<b>2024</b>	<b>2023</b>
Building Maintenance Fund	\$ 155,421	\$ 155,421
Time restriction	402,521	392,045
Restricted to satellite offices	575,048	1,307,675
Other	<u>4,580</u>	<u>10,473</u>
	<b>\$ 1,137,570</b>	<b>\$ 1,865,614</b>

**Note 10. Pension Plan**

The Organization has a Savings Incentive Match Plan for Employees (SIMPLE) pension plan covering substantially all full-time employees. During the year, the Organization matched employee contributions up to 3% of qualifying compensation. The Organization's contributions under this plan totaled \$83,935 and \$81,569 for the years ended June 30, 2024 and 2023, respectively.

**Note 11. Contributions of Nonfinancial Assets**

A summary of contributions of nonfinancial assets received and included as contributions and expenses in the consolidated statements of activities is as follows:

	<b>2024</b>	<b>2023</b>
Medical volunteer services	\$ 313,083	\$ 274,682
Medical services and supplies	<u>122,749</u>	<u>587,147</u>
	<b>\$ 435,832</b>	<b>\$ 861,829</b>

Unless otherwise noted, the Organization did not recognize any contributions of nonfinancial assets with donor imposed restrictions. Contributed medical volunteer services comprise time spent by physicians, nurses, pharmacists, and medical support personnel to serve patients of the Organization. Contributed medical volunteer services are valued and reported at their estimated fair value based on current rates for similar medical personnel.

**Siloam Health**  
Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2024 and 2023

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**Note 11. Contributions of Nonfinancial Assets**

Contributed medical services and supplies represent goods and services including, but not limited to, hospital and laboratory testing and pharmaceutical supplies that were provided to the Organization at little or no cost to the Organization or to the patient. The contributed services and supplies are valued and reported at their estimated fair value in the consolidated financial statements based on current rates for similar services and supplies.

**Note 12. Concentrations**

The Organization maintains cash and cash equivalent accounts at various financial institutions which may at times exceed federally insured amounts and which may also exceed consolidated statements of financial position amounts due to outstanding checks. Cash in excess of federally insured limits totaled \$1,642,586 and \$1,769,332 as of June 30, 2024 and 2023, respectively. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risks on cash.

As of years ended June 30, 2024 and 2023, receivables from two service contracts represented 99% and 99%, respectively, of the Organization's total accounts receivable.

Unconditional promises to give from one donor represented approximately 18% of the balance outstanding at June 30, 2024, and two donors represented approximately 53% of the balance outstanding at June 30, 2023.

**Note 13. Leases**

The Organization leases clinical space under an operating lease agreement with an initial term of 3 years with a renewal option. The operating lease generally does not contain any material restrictive covenants or residual value guarantees. Operating lease cost is recognized on a straight-line basis over the lease term. Total operating lease cost for the years ended June 30, 2024 and 2023 were \$45,600 and \$42,600, respectively.

Supplemental cash flow information related to leases is as follows:

	<b>2024</b>	<b>2023</b>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows – payments on operating leases	\$ 45,600	\$ 43,600
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	\$ -	\$ 120,760

Supplemental statement of financial position information related to leases is as follows as of June 30, 2024:

	<b>2024</b>	<b>2023</b>
Operating lease		
Operating lease right-of-use assets	\$ 74,313	\$ 120,760
Operating lease liabilities, current portion	\$ 40,436	\$ 42,823
Operating lease liabilities, net of current portion	<u>30,077</u>	<u>74,137</u>
Total operating lease liabilities	<b>\$ 70,513</b>	<b>\$ 116,960</b>

**Siloam Health**  
Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2024 and 2023

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Note 13. **Leases**

	<b>2024</b>	<b>2023</b>
Weighted-average remaining lease term		
Operating lease	1.58 years	2.58 years
Weighted-average discount rate		
Operating lease	2.85%	2.85%

Future undiscounted cash flows for the next five years and thereafter, and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of June 30, 2024:

<b>Years ending June 30,</b>	<b>Operating Leases</b>
2025	\$ 41,800
2026	<u>30,400</u>
Total lease payments	72,200
Less imputed interest	<u>(1,687)</u>
Total present value of lease liabilities	<b>\$ 70,513</b>

Note 14. **Subsequent Events**

Management has evaluated subsequent events through October 10, 2024, the date on which the financial statements were available for issuance.

## **Supplementary Information**



**Siloam Health**  
Schedule of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended June 30, 2024

Grantor / Pass-through Grantor	Program name	Assistance Listing Number	Contract number	Expenditures
<b>Federal Awards</b>				
US Department of Health and Human Services / Tennessee Department of Health /	COVID-19 - Immunization Cooperative Agreements	93.268	Z-22-246232	\$ 111,341
Tennessee Department of Health / Tennessee Charitable Care Network	COVID-19 - Immunization Cooperative Agreements	93.268	n/a	197,678
Tennessee Department of Health	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	<u>132,404</u>
Total federal awards				441,423
<b>State Financial Assistance</b>				
Tennessee Department of Health	Safety Net Quality Improvement Incentive Program		34352-16723	860,494
State of Tennessee, Division of TennCare	TennCare		31865-000017	<u>400,000</u>
Total state financial assistance				1,260,494
Total federal awards and state financial assistance				<b>\$ 1,701,917</b>

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance**

**Note 1. Basis of Presentation**

This schedule was prepared on the accrual basis of accounting in accordance with the format prescribed by the Tennessee Comptroller of the Treasury Division of Local Government Audit.

**Note 2. Indirect Cost Rate**

The Organization did not elect to use the 10% de minimis indirect cost rate.



**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Directors  
Siloam Health

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Siloam Health and its subsidiaries (the Organization), a not-for-profit organization, which comprise the consolidated statement of financial position as of June 30, 2024, 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 (collectively, the financial statements) as listed in the table of contents, and have issued our report thereon dated October 10, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Blankenship CPA Group PLLC*

Blankenship CPA Group, PLLC  
Nashville, Tennessee  
October 10, 2023

**Siloam Health**  
Schedule of Findings and Responses  
For the Year Ended June 30, 2024

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**Section I. Summary of Auditor's Results**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with US GAAP	Unmodified
Internal control over financial reporting	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

**Section II. Financial Statement Findings**

None

**Siloam Health**  
Summary Schedule of Prior Year Findings  
For the Year Ended June 30, 2024

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**Financial Statement Findings**

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
N/A	There were no prior findings reported	N/A

**Federal Award Findings and Questioned Costs**

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
N/A	There were no prior findings reported	N/A