

**El Buen Samaritano**  
**Episcopal Mission**  
Consolidated Financial Statements  
and Independent Auditors' Report  
September 30, 2016 and 2015

El Buen Samaritano Episcopal Mission

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
El Buen Samaritano Episcopal Mission

We have audited the accompanying consolidated financial statements of El Buen Samaritano Episcopal Mission (a Texas nonprofit corporation), which comprise the consolidated statements of financial position as of September 30, 2016 and 2015, and 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.

**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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of 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 El Buen Samaritano Episcopal Mission as of September 30, 2016 and 2015, 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.

## **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 22 through 25 are presented for the purpose of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Dunagan Jack LLP

Austin, Texas  
February 23, 2017

**CONSOLIDATED FINANCIAL STATEMENTS**

El Buen Samaritano Episcopal Mission

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30,

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 471,036	\$ 1,021,339
Investments	1,345,874	1,231,486
Accounts receivable	179,176	236,025
Contributions receivable	1,681,594	724,404
Prepaid expenses and other assets	7,794	9,325
Property and equipment	<u>3,797,706</u>	<u>3,919,334</u>
Total assets	<u>\$ 7,483,180</u>	<u>\$ 7,141,913</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 261,048	\$ 193,431
Deferred revenue	<u>7,206</u>	<u>-</u>
Total liabilities	<u>268,254</u>	<u>193,431</u>
Net assets		
Unrestricted	4,650,665	4,698,222
Temporarily restricted	2,564,261	2,250,260
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>7,214,926</u>	<u>6,948,482</u>
Total liabilities and net assets	<u>\$ 7,483,180</u>	<u>\$ 7,141,913</u>

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

El Buen Samaritano Episcopal Mission

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended September 30,

	<u>2016</u>	<u>2015</u>
Changes in unrestricted net assets		
Revenues and gains		
Government grants and contracts	\$ 2,152,679	\$ 1,735,056
Patient fees	587,725	543,684
Grants and contributions	467,345	416,893
Return on investments	120,267	(11,594)
Rental income	45,000	45,000
Program service fees	37,381	46,382
Other revenues	<u>13,818</u>	<u>2,227</u>
Total unrestricted revenues and gains	3,424,215	2,777,648
Net assets released from restrictions	<u>2,553,553</u>	<u>1,887,472</u>
Total unrestricted revenues, gains and other support	<u>5,977,768</u>	<u>4,665,120</u>
Expenses and losses		
Program services	4,615,737	4,255,351
General and administrative	1,184,979	1,145,884
Fundraising	<u>224,609</u>	<u>207,429</u>
Total expenses and losses	<u>6,025,325</u>	<u>5,608,664</u>
Decrease in unrestricted net assets	<u>(47,557)</u>	<u>(943,544)</u>
Changes in temporarily restricted net assets		
Grants and contributions	2,867,554	2,741,097
Satisfactions of purpose restrictions	<u>(2,553,553)</u>	<u>(1,887,472)</u>
Increase in temporarily restricted net assets	<u>314,001</u>	<u>853,625</u>
Changes in permanently restricted net assets	<u>-</u>	<u>-</u>
Change in net assets	266,444	(89,919)
Net assets at beginning of year	<u>6,948,482</u>	<u>7,038,401</u>
Net assets at end of year	<u>\$ 7,214,926</u>	<u>\$ 6,948,482</u>

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

El Buen Samaritano Episcopal Mission

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2016

	Program services	General & administrative	Fundraising	Total
Personnel				
Salaries	\$ 2,275,648	\$ 785,659	\$ 147,896	\$ 3,209,203
Payroll taxes	168,256	58,785	11,066	238,107
Employee benefits	379,316	135,874	25,577	540,767
Professional services	640,639	63,994	21,753	726,386
Medical supplies and expenses	367,276	-	-	367,276
Equipment rental and maintenance	199,209	29,585	5,569	234,363
Depreciation	147,140	21,852	4,114	173,106
Facilities	112,066	16,643	3,133	131,842
Insurance	79,882	4,292	808	84,982
Miscellaneous	23,560	34,905	784	59,249
Information technology	43,073	6,397	1,204	50,674
Program supplies and materials	45,893	-	-	45,893
Communications	25,444	3,779	711	29,934
Professional development	25,029	3,601	678	29,308
Special program events	22,615	-	-	22,615
Travel	16,560	1,941	365	18,866
Office supplies and expenses	13,802	2,050	386	16,238
Dues and subscriptions	12,995	1,930	363	15,288
Bank fees	-	12,622	-	12,622
Advertising	9,167	-	-	9,167
Printing and reproduction	5,466	812	153	6,431
Postage and delivery	1,737	258	49	2,044
Clinic assistance	964	-	-	964
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	<u>\$ 4,615,737</u>	<u>\$ 1,184,979</u>	<u>\$ 224,609</u>	<u>\$ 6,025,325</u>

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



El Buen Samaritano Episcopal Mission

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2015

	Program services	General & administrative	Fundraising	Total
Personnel				
Salaries	\$ 2,034,071	\$ 715,557	\$ 118,084	\$ 2,867,712
Payroll taxes	159,449	57,155	9,432	226,036
Employee benefits	342,117	130,653	21,561	494,331
Professional services	439,010	90,554	40,176	569,740
Medical supplies and expenses	425,539	-	-	425,539
Equipment rental and maintenance	214,813	32,539	5,370	252,722
Depreciation	146,840	22,243	3,671	172,754
Facilities	143,087	21,674	3,577	168,338
Insurance	96,467	5,583	921	102,971
Information technology	64,473	9,766	1,612	75,851
Miscellaneous	22,486	34,077	682	57,245
Program supplies and materials	31,808	-	-	31,808
Communications	23,933	3,625	598	28,156
Professional development	23,806	3,445	569	27,820
Special program events	24,739	-	-	24,739
Travel	19,150	2,121	350	21,621
Office supplies and expenses	15,915	2,411	398	18,724
Dues and subscriptions	10,616	1,463	241	12,320
Bank fees	-	11,019	-	11,019
Advertising	5,621	864	-	6,485
Printing and reproduction	4,140	627	103	4,870
Postage and delivery	3,352	508	84	3,944
Clinic assistance	3,919	-	-	3,919
	<u>\$ 4,255,351</u>	<u>\$ 1,145,884</u>	<u>\$ 207,429</u>	<u>\$ 5,608,664</u>
Total expenses				

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

El Buen Samaritano Episcopal Mission

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended September 30,

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 266,444	\$ (89,919)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	173,106	172,754
(Gains) losses on disposal of property and equipment	(11,938)	741
Realized and unrealized (gains) losses on investments	(100,946)	56,972
Decrease (increase) in accounts receivable	56,849	(78,807)
Increase in contributions receivable	(957,190)	(260,759)
Decrease in prepaid expenses and other assets	1,531	9,616
Increase (decrease) in accounts payable and accrued liabilities	67,617	(29,619)
Increase in deferred revenue	7,206	-
Net cash used by operating activities	(497,321)	(219,021)
Cash flows from investing activities:		
Proceeds from sales of property and equipment	14,620	-
Purchases of property and equipment	(54,160)	(122,720)
Proceeds from sales of investments	134,157	1,331,448
Purchases/acquisitions of investments	(147,599)	(590,628)
Net cash (used) provided by investing activities	(52,982)	618,100
Cash flows from financing activities:		
Proceeds from line of credit	100,000	-
Payments on line of credit	(100,000)	-
Net cash provided by financing activities	-	-
Net (decrease) increase in cash and cash equivalents	(550,303)	399,079
Cash and cash equivalents at beginning of year	1,021,339	622,260
Cash and cash equivalents at end of year	\$ 471,036	\$ 1,021,339
Amount paid during the year for:		
Income taxes	\$ -	\$ -
Interest	\$ 662	\$ -

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2016 and 2015

**NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

1. Organization and Nature of Activities

El Buen Samaritano Episcopal Mission (El Buen) was incorporated in the State of Texas on October 1, 1987 as a Texas nonprofit corporation. El Buen is an outreach ministry of the Episcopal Diocese of Texas (Diocese of Texas) committed to helping Latino and other families in Central Texas lead healthy, productive, and secure lives through high-quality and affordable healthcare, education, and financial security services. El Buen operates out of a three-building campus in South Austin. Its programs include the following:

- El Buen's Wallace Mallory Clinic seeks to improve the health and wellbeing of individuals by providing comprehensive services using an integrated, family-centered approach. El Buen only employs bilingual providers who offer quality, affordable, and culturally competent healthcare to Latino families.
- El Buen's Community Health Worker (Promotores) program provides evidence-based education and supports on diabetes self-management, prenatal and reproductive health. Additionally, Promotores help patients understand and adhere to their treatment plans while connecting them to El Buen's array of health and human services.
- El Buen's food assistance program offers nutritious foods to families and individuals who are experiencing financial hardship. Additionally, with the help of volunteers and families, El Buen maintains a community garden to promote the harvesting and consumption of fruits and vegetables.
- El Buen's family literacy program helps families improve their physical, emotional, and financial wellbeing through educational attainment, job promotion, and family engagement. Using a two-generation approach, El Buen addresses gaps that limit opportunities for low-income adults and provide supports for their children.

The consolidated financial statements of El Buen include the accounts of The Physician Board of El Buen (The Physician Board), a controlled entity. All significant intercompany accounts and transactions have been eliminated. The Physician Board is a Texas nonprofit corporation.

2. Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

**NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Basis of Presentation

Financial statement presentation follows the guidance of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*. Under these standards, El Buen is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

4. Cash Equivalents

El Buen considers all checking accounts, savings accounts, money market deposit accounts, money market mutual funds, and certificates of deposit purchased with initial maturities of three months or less to be cash equivalents.

5. Investments

El Buen records investments using the guidance of FASB ASC 958-320, *Not-for-Profit Entities: Investments - Debt and Equity Securities*. Investments are stated at their readily determinable fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets.

6. Property and Equipment

Acquisitions of property and equipment are capitalized at cost, if purchased, or fair market value on the date of donation, if received as a gift. Depreciation is calculated using the straight-line method over the assets' estimated useful lives. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, El Buen reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. El Buen reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The Diocese of Texas holds title to all real property purchased by El Buen, even though El Buen pays and incurs debt for these purchases. Consistent with the basis for conclusions regarding capital leases, El Buen has included real property in the property and equipment balances on the consolidated statements of financial position because substantially all benefits and risks incident to the ownership of the property remains with El Buen. Therefore, any real property is accounted for as an acquisition of an asset, despite the Diocese of Texas holding title.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

**NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

7. Revenue Recognition

El Buen records contributions using the guidance of FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. As donor or time restrictions are satisfied, net assets are reclassified to unrestricted net assets. El Buen's policy is to report restricted support that is satisfied in the year of receipt as restricted and then released in the same year.

Patient service revenue is reported as earned at the estimated net realizable amounts from patients and third-party payers for services rendered.

El Buen considers all its government grants and contracts to be exchange transactions and not contributions. Revenue is recognized from these transactions as services are rendered and reimbursable expenses are incurred.

8. Functional Expenses

Expenses are categorized by function in the consolidated statements of activities and functional expenses as either (1) program services, (2) general and administrative, or (3) fundraising expenses. Expenses that are specifically identifiable to a function are allocated entirely to that function. Expenses that are not specifically identifiable to a function are allocated based upon management's estimate of time and resources devoted to each function.

9. Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

10. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

**NOTE B - TAX EXEMPT STATUSES**

El Buen and The Physician Board are generally exempt from federal income tax under Internal Revenue Code (Code) Section 501(a) as organizations described in Section 501(c)(3). Furthermore, the Internal Revenue Service determined El Buen and The Physician Board are not private foundations within the meaning of Section 509(a) of the Code because they are organizations described in Sections 509(a)(1) and 170(b)(1)(A)(vi). Therefore, no provisions for income taxes have been included in these financial statements. The tax years 2012 through 2015 remain open to examination by the major taxing jurisdictions in which income tax returns are filed.

**NOTE C - INVESTMENTS**

Investments comprised the following at September 30,

	2016	2015
Mutual funds	\$ 773,799	\$ 723,648
Equities	395,194	349,924
Exchange traded funds	176,881	157,914
	\$ 1,345,874	\$ 1,231,486

Return on investments comprised the following for the years ended September 30,

	2016	2015
Interest and dividends	\$ 27,551	\$ 56,486
Realized and unrealized gains (losses)	100,946	(56,972)
Investment management fees	(8,230)	(11,108)
	\$ 120,267	\$ (11,594)

**NOTE D - ACCOUNTS RECEIVABLE**

The accounts receivable balances at September 30, 2016 and 2015 were considered fully collectible. Therefore, no allowances for doubtful accounts have been recorded in these financial statements.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

**NOTE E - CONTRIBUTIONS RECEIVABLE**

The contributions receivable balances at September 30, 2016 and 2015 were considered fully collectible. Therefore, no allowances for uncollectible amounts have been recorded in these financial statements. At September 30, 2016 and 2015, collections of contributions receivable were expected within one year, therefore, no discounts to present value are reflected in these financial statements.

**NOTE F - PROPERTY AND EQUIPMENT**

Property and equipment comprised the following at September 30,

	<u>2016</u>	<u>2015</u>
Buildings and improvements	\$ 4,877,295	\$ 4,862,730
Furniture and equipment	605,884	635,308
Land	520,702	520,702
Software	112,848	219,613
Vehicles	<u>25,083</u>	<u>82,614</u>
	6,141,812	6,320,967
Less accumulated depreciation	<u>(2,344,106)</u>	<u>(2,401,633)</u>
	<u>\$ 3,797,706</u>	<u>\$ 3,919,334</u>

Depreciation expense totaled \$173,106 and \$172,754 for the years ended September 30, 2016 and 2015, respectively.

**NOTE G - BOARD DESIGNATED NET ASSETS**

During the years ended September 30, 2016 and 2015, the Board of Directors designated all unrestricted cash and investments for campus improvements and repairs.



El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

**NOTE H - TEMPORARILY RESTRICTED NET ASSETS**

Net assets were restricted for the following purposes at September 30,

	2016	2015
Health services	\$ 1,435,607	\$ 1,259,985
Capacity building	628,500	605,775
Capital campaign	217,000	217,000
Education programs	231,829	167,500
Listen for Good project	51,325	-
	\$ 2,564,261	\$ 2,250,260

During the years ended September 30, 2016 and 2015, temporarily restricted net assets in the amounts of \$2,553,553 and \$1,887,472, respectively, were released to unrestricted net assets due to the satisfaction of purpose and time restrictions.

**NOTE I - LINE OF CREDIT**

On May 26, 2015, El Buen executed a line of credit with a bank for \$500,000. This note was renewed on November 22, 2016 to extend the maturity date to December 5, 2017. The note is secured by El Buen's rights, titles and interests in certain brokerage accounts held by a securities intermediary. There were no balances outstanding at September 30, 2016 and 2015.

**NOTE J - COMMITMENTS**

El Buen leases office equipment under various operating lease agreements. As of September 30, 2016, future minimum lease payments under these operating leases were as follows:

Years ending September 30,	Minimum Lease Payments
2017	\$ 37,144
2018	36,000
2019	36,000
2020	21,000
thereafter	-

Equipment rent expense totaled \$39,810 and \$37,619 for the years ended September 30, 2016 and 2015, respectively.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

**NOTE J - COMMITMENTS - CONTINUED**

In January 2015, El Buen executed a three year agreement with a Church to lease a portion of El Buen's facilities. Rental income in the amount of \$45,000 is to be received annually, payable in advance. Total future rents to be received are as follows:

<u>Years ending September 30,</u>	<u>Minimum Rental Income</u>
2017	\$ 45,000
2018	11,250
thereafter	-

In October 2015, El Buen and The Physician's Board entered into a ten year contract with a medical management services company to provide management, administrative, and support services related to the contracting for and delivery of professional medical and health care services. Effective January 2016, El Buen pays six (6%) of net clinic cash receipts, but not less than \$4,000 per month during the first six months of the agreement and not less than \$4,400 per month after the first six months. In the event of termination within the first two years, El Buen shall pay additional liquidation damages on a prorated basis.

**NOTE K - GRANTOR AUDITS**

El Buen receives grants and contracts from foundations and governments for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures and services disallowed under terms and conditions of the appropriate agency. In the opinion of El Buen's management, such disallowances, if any, will not be significant.

**NOTE L - DONATED SERVICES**

During the years ended September 30, 2016 and 2015, El Buen recognized donated education services provided by qualified instructors in the amounts of \$186,114 and \$134,232, respectively. El Buen also receives support from other volunteers; however, these services do not meet the requirements for revenue recognition in the financial statements as set forth in FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. However, management estimates that volunteers donated services with an estimated value of \$91,740 and \$37,115 during the years ended September 30, 2016 and 2015, respectively.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

**NOTE M - CONCENTRATIONS**

Three donors comprised the following percentages of gross contributions receivable and grants and contributions revenue as of and for the years ended September 30,

	2016		2015	
	Contributions Receivable	Grants and Contributions Revenue	Contributions Receivable	Grants and Contributions Revenue
Donor A	51%	26%	0%	29%
Donor B	40%	41%	84%	40%
Donor C	7%	7%	16%	8%

El Buen recognized revenue from one funding source that represented approximately 89% of total government grants and contracts revenue for each of the years ended September 30, 2016 and 2015.

**NOTE N - RETIREMENT PLAN**

El Buen participates in a multi-employer defined contribution plan through the Episcopal Church Pension Fund (Plan). Employees are enrolled on the first day of the month following their date of hire. El Buen contributes 5% of eligible compensation to participant accounts. In addition, El Buen matches participant contributions, dollar for dollar, up to 4% of eligible compensation. Participants are fully vested in all participant contributions, El Buen's contributions and earnings on these amounts. Retirement plan expense for the years ended September 30, 2016 and 2015 totaled \$220,536 and \$192,076, respectively.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

**NOTE O - FAIR VALUE MEASUREMENTS**

Certain assets are carried at fair value in these financial statements. Fair value measurements were arrived at using the following inputs at September 30,

Description	2016	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	\$ 388,370	\$ 388,370	\$ -	\$ -
Mutual funds	773,799	773,799	-	-
Equities	395,194	395,194	-	-
Exchange traded funds	176,881	176,881	-	-
	<u>\$ 1,734,244</u>	<u>\$ 1,734,244</u>	<u>\$ -</u>	<u>\$ -</u>
Description	2015	(Level 1)	(Level 2)	(Level 3)
Money market mutual funds	\$ 967,491	\$ 967,491	\$ -	\$ -
Mutual funds	723,648	723,648	-	-
Equities	349,924	349,924	-	-
Exchange traded funds	157,914	157,914	-	-
	<u>\$ 2,198,977</u>	<u>\$ 2,198,977</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE P - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through February 23, 2017 the date the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

El Buen Samaritano Episcopal Mission

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

September 30, 2016

	El Buen Samaritano	Physician Board of El Buen	Eliminations	Consolidated
<b>ASSETS</b>				
Cash and cash equivalents	\$ 478,380	\$ (7,344)	\$ -	\$ 471,036
Investments	1,345,874	-	-	1,345,874
Accounts receivable	179,176	-	-	179,176
Contributions receivable	1,681,594	-	-	1,681,594
Prepaid expenses and other assets	7,794	-	-	7,794
Property and equipment	3,797,706	-	-	3,797,706
<b>Total assets</b>	<b>\$ 7,490,524</b>	<b>\$ (7,344)</b>	<b>\$ -</b>	<b>\$ 7,483,180</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 261,048	\$ -	\$ -	\$ 261,048
Deferred revenue	7,206	-	-	7,206
<b>Total liabilities</b>	<b>268,254</b>	<b>-</b>	<b>-</b>	<b>268,254</b>
<b>Net assets</b>				
Unrestricted	4,658,009	(7,344)	-	4,650,665
Temporarily restricted	2,564,261	-	-	2,564,261
Permanently restricted	-	-	-	-
<b>Total net assets</b>	<b>7,222,270</b>	<b>(7,344)</b>	<b>-</b>	<b>7,214,926</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,490,524</b>	<b>\$ (7,344)</b>	<b>\$ -</b>	<b>\$ 7,483,180</b>

See accompanying independent auditors' report.

El Buen Samaritano Episcopal Mission

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

September 30, 2015

	El Buen Samaritano	Physician Board of El Buen	Eliminations	Consolidated
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,016,025	\$ 5,314	\$ -	\$ 1,021,339
Investments	1,231,486	-	-	1,231,486
Accounts receivable	236,025	-	-	236,025
Contributions receivable	724,404	-	-	724,404
Prepaid expenses and other assets	9,325	-	-	9,325
Property and equipment	3,919,334	-	-	3,919,334
<b>Total assets</b>	<b>\$ 7,136,599</b>	<b>\$ 5,314</b>	<b>\$ -</b>	<b>\$ 7,141,913</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 193,431	\$ -	\$ -	\$ 193,431
<b>Total liabilities</b>	<b>193,431</b>	<b>-</b>	<b>-</b>	<b>193,431</b>
<b>Net assets</b>				
Unrestricted	4,692,908	5,314	-	4,698,222
Temporarily restricted	2,250,260	-	-	2,250,260
Permanently restricted	-	-	-	-
<b>Total net assets</b>	<b>6,943,168</b>	<b>5,314</b>	<b>-</b>	<b>6,948,482</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,136,599</b>	<b>\$ 5,314</b>	<b>\$ -</b>	<b>\$ 7,141,913</b>

See accompanying independent auditors' report.

El Buen Samaritano Episcopal Mission  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**

For the year ended September 30, 2016

	El Buen Samaritano	Physician Board of El Buen	Eliminations	Consolidated
Revenues and gains				
Grants and contributions	\$ 3,334,899	\$ 130,324	\$ (130,324)	\$ 3,334,899
Government grants and contracts	2,103,815	48,864	-	2,152,679
Patient fees	574,467	13,258	-	587,725
Return on investments	120,267	-	-	120,267
Rental income	45,000	-	-	45,000
Program service fees	37,381	-	-	37,381
Other revenues	13,818	-	-	13,818
Total revenues and gains	<u>6,229,647</u>	<u>192,446</u>	<u>(130,324)</u>	<u>6,291,769</u>
Expenses and losses				
Program services	4,543,965	202,096	(130,324)	4,615,737
General and administrative	1,181,971	3,008	-	1,184,979
Fundraising	224,609	-	-	224,609
Total expenses and losses	<u>5,950,545</u>	<u>205,104</u>	<u>(130,324)</u>	<u>6,025,325</u>
Change in net assets	279,102	(12,658)	-	266,444
Net assets at beginning of year	<u>6,943,168</u>	<u>5,314</u>	<u>-</u>	<u>6,948,482</u>
Net assets at end of year	<u>\$ 7,222,270</u>	<u>\$ (7,344)</u>	<u>\$ -</u>	<u>\$ 7,214,926</u>

See accompanying independent auditors' report.



El Buen Samaritano Episcopal Mission  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**

For the year ended September 30, 2015

	El Buen Samaritano	Physician Board of El Buen	Eliminations	Consolidated
Revenues and gains				
Grants and contributions	\$ 3,157,990	\$ 180,982	\$ (180,982)	\$ 3,157,990
Government grants and contracts	1,569,205	165,851	-	1,735,056
Patient fees	498,134	45,550	-	543,684
Program service fees	46,382	-	-	46,382
Rental income	45,000	-	-	45,000
Return on investments	(11,594)	-	-	(11,594)
Other revenues	2,227	-	-	2,227
Total revenues and gains	<u>5,307,344</u>	<u>392,383</u>	<u>(180,982)</u>	<u>5,518,745</u>
Expenses and losses				
Program services	4,051,383	384,950	(180,982)	4,255,351
General and administrative	1,143,765	2,119	-	1,145,884
Fundraising	207,429	-	-	207,429
Total expenses and losses	<u>5,402,577</u>	<u>387,069</u>	<u>(180,982)</u>	<u>5,608,664</u>
Change in net assets	(95,233)	5,314	-	(89,919)
Net assets at beginning of year	<u>7,038,401</u>	<u>-</u>	<u>-</u>	<u>7,038,401</u>
Net assets at end of year	<u>\$ 6,943,168</u>	<u>\$ 5,314</u>	<u>\$ -</u>	<u>\$ 6,948,482</u>

See accompanying independent auditors' report.

March 10, 2017

To the Board of Directors  
El Buen Samaritano Episcopal Mission

We have audited the consolidated financial statements of El Buen Samaritano Episcopal Mission for the year ended September 30, 2016, and have issued our report thereon dated February 23, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated November 18, 2016. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by El Buen Samaritano Episcopal Mission are described in Note A to the consolidated financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the consolidated financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. All material misstatements detected as a result of audit procedures were corrected by management. The attached schedule summarizes adjustments made to the consolidated financial statements for the year ended September 30, 2016.

In addition, the second attached schedule summarizes uncorrected misstatements of the consolidated financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated February 24, 2017.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing

the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of El Buen Samaritano Episcopal Mission and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Dunagan Jack UP

Adj. Journal Entries  
El Buen Samaritano Episcopal Mission  
September 30, 2016

AJE No.	Account Description	W/P Ref	Account Number	Debits	Credits
1	BBT Checking		P-1035		12,657.87
1	Client Fees (El Buen transfers)		P-4315		42,178.25
1	Contributions from El Buen		P-4320		150,267.28
1	Salaries/Wages		P-5005	157,621.16	
1	Payroll Taxes		P-5105	9,778.50	
1	Health Insurance		P-5110	1,024.35	
1	Dental Insurance		P-5115	91.90	
1	Pension Contributions		P-5125	11,903.45	
1	Auditor		P-5205	1,000.00	
1	Legal Fees		P-5235	484.00	
1	Licenses/Permits		P-5315	50.00	
1	Clinic Liability Insurance		P-5332	15,153.92	
1	Medical Malpractice		P-5333	4,948.00	
1	Out of Town Travel		P-5720	744.00	
1	Seminars/Workshops		P-5820	780.00	
1	Bank Fees		P-6105	1,574.17	
1	Miscellaneous		P-6440		50.05
To consolidate The Physician Board of El Buen.					
2	BBT Checking		P-1035	5,313.64	
2	Net Assets		P-3000		5,313.64
2	Net Assets		3000	6,325.00	
2	Foundation Contributions		4210		6,325.00
To rollforward beginning net assets.					
3	Contracts Payable		2134	13,676.81	
3	Government Contracts		4215	7,205.66	
3	Contract Labor		5201		20,882.47
To adjust payable to WHFPA.					
4	Contributions receivable		1350	866,000.00	
4	BBT		1025		866,000.00
To reclass outstanding deposit to contributions receivable.					
5	ACC Depr - Buildings and Imporvemen		1630	2,311.68	
5	Loss on disposal of fixed assets		6426	7,529.74	
5	Sale of Fixed Asset		4370		7,018.30
5	Depreciation Expense		6425		2,523.12
5	Other income		4660		300.00
To correct adjustments made to record sale of fixed assets and to record additional depreciation expense.					
6	BBT		1025	80,927.71	
6	Accounts Payable		2000		55,056.76
6	Pension Payable		2128		25,870.95
To reclass back dated checks as accounts payable.					
Totals				1,194,443.69	1,194,443.69

**NPO-CX-12.2: AUDIT DIFFERENCE EVALUATION FORM**

Entity:

Statement of Financial Position Date:

Completed by:

Date:

**Instructions:** This form may be used to accumulate audit differences (AD) greater than the amount considered clearly trivial (documented at **Step 5** of NPO-CX-2.1). This form should not include normal closing entries. At the end of the audit, the auditor should evaluate all uncorrected audit differences, individually and in the aggregate, in relation to individual amounts, subtotals, or totals in the financial statements and conclude on whether they materially misstate the financial statements taken as a whole. Before evaluating the effect of uncorrected misstatements, the auditor should reassess whether materiality is still appropriate based on the entity's actual financial results. The notes following the table provide explanations and a listing of qualitative considerations in evaluating materiality. The form allows for quantifying the effect of misstatements using both the rollover and iron curtain methods, as appropriate. The auditor needs to be familiar with the guidance in section 1112 before completing this form.

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	Workpaper Reference	Financial Statement Effect—Amount of Over (Under) Statement of:						
				Total Assets	Total Liabilities	Net Assets	Revenues	Expenses	Change in Net Assets	Working Capital
Unrecorded credit card liabilities at 9/30/16			4145		(\$9,103)			(\$9,103)	\$9,103	
Unrecorded billing service fees at 9/30/16			6140		(\$8,000)			(\$8,000)	\$8,000	
Overstatement of recorded contributed services for FY16			6066A				\$166,122	\$166,122	\$0	
									\$0	
									\$0	
									\$0	
									\$0	
									\$0	
									\$0	
<b>Total</b>				\$0	(\$17,103)	\$0	\$166,122	\$149,018	\$17,103	\$0
Less Audit Adjustments Subsequently Booked									\$0	
Unadjusted AD—Current Year (Iron Curtain Method)				\$0	(\$17,103)	\$0	\$166,122	\$149,018	\$17,103	\$0
Effect of Unadjusted AD—Prior Years									\$0	
Combined Current and Prior Year AD (Rollover Method)				\$0	(\$17,103)	\$0	\$166,122	\$149,018	\$17,103	\$0
Financial Statement Caption Totals				\$7,483,180	\$268,254	\$6,948,482	\$6,291,769	\$6,025,325	\$266,444	
Current Year AD as % of FS Captions (Iron Curtain Method)				0.00%	-6.38%	0.00%	2.64%	2.47%	6.42%	0.00%
Current and Prior Year AD as % of FS Captions (Rollover Method)				0.00%	-6.38%	0.00%	2.64%	2.47%	6.42%	0.00%

**Qualitative Factors:** Describe qualitative factors that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the financial statements as a whole, and the reasons why.

**Conclusion:** Based on the results of the evaluation performed above, as well as the consideration of qualitative factors, uncorrected audit differences, individually and in the aggregate,  do  do not cause the financial statements taken as a whole to be materially misstated.