

El Buen Samaritano
Episcopal Mission
Consolidated Financial Statements
and Independent Auditors' Report
September 30, 2017 and 2016

El Buen Samaritano Episcopal Mission

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	3
Consolidated Financial Statements	
Consolidated Statements of Financial Position	6
Consolidated Statements of Activities	7
Consolidated Statement of Functional Expenses - <i>for the year ended September 30, 2017</i>	8
Consolidated Statement of Functional Expenses - <i>for the year ended September 30, 2016</i>	9
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	12
Supplemental Information	
Consolidating Schedule of Financial Position - <i>September 30, 2017</i>	23
Consolidating Schedule of Financial Position - <i>September 30, 2016</i>	24
Consolidating Schedule of Activities - <i>for the year ended September 30, 2017</i>	25
Consolidating Schedule of Activities - <i>for the year ended September 30, 2016</i>	26

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, 2017 and 2016, 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, 2017 and 2016, 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 23 through 26 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 9, 2018

CONSOLIDATED FINANCIAL STATEMENTS

El Buen Samaritano Episcopal Mission

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30,

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 1,456,296	\$ 471,036
Investments	1,358,437	1,345,874
Accounts receivable	326,068	179,176
Contributions receivable	764,330	1,681,594
Prepaid expenses and other assets	6,594	7,794
Property and equipment	3,999,334	3,797,706
Total assets	\$ 7,911,059	\$ 7,483,180
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 368,170	\$ 261,048
Capital lease obligation	57,315	-
Deferred revenue	-	7,206
Total liabilities	425,485	268,254
Net assets		
Unrestricted	5,036,821	4,650,665
Temporarily restricted	2,448,753	2,564,261
Permanently restricted	-	-
Total net assets	7,485,574	7,214,926
Total liabilities and net assets	\$ 7,911,059	\$ 7,483,180

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>2017</u>	<u>2016</u>
Changes in unrestricted net assets		
Revenues and gains		
Government grants and contracts	\$ 2,882,776	\$ 2,152,679
Patient fees	570,870	587,725
Grants and contributions	461,111	467,345
Return on investments	186,390	120,267
30th Anniversary Gala (net of expenses of \$40,802)	97,446	-
Rental income	51,000	45,000
Program service fees	39,629	37,381
Other revenues	<u>3,092</u>	<u>13,818</u>
Total unrestricted revenues and gains	4,292,314	3,424,215
Net assets released from restrictions	<u>2,993,548</u>	<u>2,553,553</u>
Total unrestricted revenues, gains and other support	<u>7,285,862</u>	<u>5,977,768</u>
Expenses and losses		
Program services	5,472,477	4,615,737
General and administrative	1,158,348	1,184,979
Fundraising	<u>268,881</u>	<u>224,609</u>
Total expenses and losses	<u>6,899,706</u>	<u>6,025,325</u>
Increase (decrease) in unrestricted net assets	<u>386,156</u>	<u>(47,557)</u>
Changes in temporarily restricted net assets		
Grants and contributions	2,878,040	2,867,554
Satisfactions of purpose restrictions	<u>(2,993,548)</u>	<u>(2,553,553)</u>
(Decrease) increase in temporarily restricted net assets	<u>(115,508)</u>	<u>314,001</u>
Changes in permanently restricted net assets	<u>-</u>	<u>-</u>
Change in net assets	270,648	266,444
Net assets at beginning of year	<u>7,214,926</u>	<u>6,948,482</u>
Net assets at end of year	<u>\$ 7,485,574</u>	<u>\$ 7,214,926</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, 2017

	Program services	General & administrative	Fundraising	Total
Personnel				
Salaries	\$ 2,869,616	\$ 729,770	\$ 119,875	\$ 3,719,261
Payroll taxes	213,016	54,100	8,887	276,003
Employee benefits	497,561	131,136	21,541	650,238
Professional services	579,253	91,600	90,068	760,921
Medical supplies and expenses	483,512	-	-	483,512
Equipment rental and maintenance	210,389	31,889	5,238	247,516
Depreciation	154,054	23,350	3,836	181,240
Facilities	129,431	19,618	3,223	152,272
Insurance	88,236	4,371	718	93,325
Miscellaneous	28,104	35,176	12,141	75,421
Program supplies and materials	54,746	-	-	54,746
Communications	29,068	4,374	719	34,161
Information technology	26,423	4,005	658	31,086
Dues and subscriptions	22,430	3,251	534	26,215
Professional development	18,941	2,568	422	21,931
Travel	15,320	2,185	359	17,864
Special program events	17,696	-	-	17,696
Office supplies and expenses	13,437	2,037	335	15,809
Bank fees	-	13,380	-	13,380
Printing and reproduction	10,556	1,600	263	12,419
Advertising	7,867	-	-	7,867
Interest expense	-	3,549	-	3,549
Postage and delivery	2,564	389	64	3,017
Clinic assistance	257	-	-	257
Total expenses	<u>\$ 5,472,477</u>	<u>\$ 1,158,348</u>	<u>\$ 268,881</u>	<u>\$ 6,899,706</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
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 STATEMENTS OF CASH FLOWS

For the years ended September 30,

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 270,648	\$ 266,444
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	181,240	173,106
Gain on disposal of property and equipment	-	(11,938)
Realized and unrealized (gains) losses on investments	(160,519)	(100,946)
(Increase) decrease in accounts receivable	(146,892)	56,849
Decrease (increase) in contributions receivable	917,264	(957,190)
Decrease in prepaid expenses and other assets	1,200	1,531
Increase in accounts payable and accrued liabilities	107,122	67,617
(Decrease) increase in deferred revenue	(7,206)	7,206
Net cash provided (used) by operating activities	<u>1,162,857</u>	<u>(497,321)</u>
Cash flows from investing activities:		
Proceeds from sales of property and equipment	-	14,620
Purchases of property and equipment	(382,868)	(54,160)
Proceeds from sales of investments	416,295	134,157
Purchases/acquisitions of investments	(268,339)	(147,599)
Net cash used by investing activities	<u>(234,912)</u>	<u>(52,982)</u>
Cash flows from financing activities:		
Financing of capital lease obligation	70,733	-
Payments on capital lease obligation	(13,418)	-
Proceeds from line of credit	-	100,000
Payments on line of credit	-	(100,000)
Net cash provided by financing activities	<u>57,315</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	985,260	(550,303)
Cash and cash equivalents at beginning of year	<u>471,036</u>	<u>1,021,339</u>
Cash and cash equivalents at end of year	<u>\$ 1,456,296</u>	<u>\$ 471,036</u>
Amount paid during the year for:		
Income taxes	<u>\$ -</u>	<u>\$ -</u>
Interest	<u>\$ 3,549</u>	<u>\$ 662</u>

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, 2017 and 2016

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, 2017 and 2016

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 and 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 and 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, 2017 and 2016

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 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, 2017 and 2016

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.

NOTE C - INVESTMENTS

Investments comprised the following at September 30,

	<u>2017</u>	<u>2016</u>
Mutual funds	\$ 832,312	\$ 773,799
Equities	360,671	395,194
Exchange traded funds	<u>165,454</u>	<u>176,881</u>
	<u>\$ 1,358,437</u>	<u>\$ 1,345,874</u>

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

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 34,590	\$ 27,551
Realized and unrealized gains (losses)	160,519	100,946
Investment management fees	<u>(8,719)</u>	<u>(8,230)</u>
	<u>\$ 186,390</u>	<u>\$ 120,267</u>

NOTE D - ACCOUNTS RECEIVABLE

The accounts receivable balances at September 30, 2017 and 2016 have been analyzed and reasonable allowances for uncollectible amounts have been made. As of September 30, 2017 and 2016, allowances for uncollectible amounts totaled \$111,000 and \$28,575, respectively.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2017 and 2016

NOTE E - CONTRIBUTIONS RECEIVABLE

The contributions receivable balances at September 30, 2017 and 2016 were considered fully collectible. Therefore, no allowances for uncollectible amounts have been recorded in these financial statements. At September 30, 2017 and 2016, 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>2017</u>	<u>2016</u>
Buildings and improvements	\$ 4,898,894	\$ 4,877,295
Furniture and equipment	684,690	605,884
Land	520,702	520,702
Software	112,848	112,848
Vehicles	25,083	25,083
Construction in progress	<u>282,463</u>	<u>-</u>
	6,524,680	6,141,812
Less accumulated depreciation	<u>(2,525,346)</u>	<u>(2,344,106)</u>
	<u>\$ 3,999,334</u>	<u>\$ 3,797,706</u>

Depreciation expense totaled \$181,240 and \$173,106 for the years ended September 30, 2017 and 2016, respectively.

NOTE G - 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. Effective December 5, 2017, El Buen executed another renewal on the note to extend the maturity date to December 5, 2018. 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, 2017 and 2016.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2017 and 2016

NOTE H - COMMITMENTS

El Buen leases office equipment under various operating lease agreements. As of September 30, 2017, future minimum lease payments under these operating leases were as follows:

Years ending September 30,	Minimum Lease Payments
2018	\$ 37,052
2019	37,052
2020	21,526
thereafter	-

Equipment rent expense totaled \$41,740 and \$39,810 for the years ended September 30, 2017 and 2016, respectively.

In November 2016, El Buen entered into a capital lease agreement for computer equipment. The lease expires in November 2020. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized. The equipment under this lease as of September 30, 2017, had a cost of \$70,733, accumulated amortization of \$11,789, and a net book value of \$58,944. Amortization of the leased property is included in depreciation expense. As of September 30, 2017, future minimum payments under this capital lease were as follows:

Years ending September 30,	Payments
2018	\$ 20,361
2019	20,361
2020	20,361
2021	<u>3,393</u>
Minimum payments	64,476
Amount of interest	<u>(7,161)</u>
Capital lease obligation	<u>\$ 57,315</u>

El Buen recognized interest expense of \$3,549 related to the capital lease during the year ended September 30, 2017.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2017 and 2016

NOTE H - COMMITMENTS - CONTINUED

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 I - BOARD DESIGNATED NET ASSETS

As of September 30, 2017 and 2016, the Board of Directors designated all unrestricted cash and investments for campus improvements and repairs

NOTE J - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Health services	\$ 1,328,434	\$ 1,435,607
Capacity building	605,801	628,500
Capital campaign	217,000	217,000
Education programs	197,643	231,829
Food pantry expansion project	81,550	-
Other purposes	<u>18,325</u>	<u>51,325</u>
	<u>\$ 2,448,753</u>	<u>\$ 2,564,261</u>

During the years ended September 30, 2017 and 2016, temporarily restricted net assets in the amounts of \$2,993,548 and \$2,553,553, respectively, were released to unrestricted net assets due to the satisfaction of purpose and time restrictions.

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.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2017 and 2016

NOTE L - DONATED SERVICES

During the years ended September 30, 2017 and 2016, El Buen recognized donated education services provided by qualified instructors in the amounts of \$192,335 and \$186,114, 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 \$90,225 and \$91,740 during the years ended September 30, 2017 and 2016, respectively.

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,

	2017		2016	
	Contributions Receivable	Grants and Contributions Revenue	Contributions Receivable	Grants and Contributions Revenue
Donor A	85%	40%	40%	41%
Donor B	15%	7%	7%	7%
Donor C	0%	25%	51%	26%

El Buen recognized revenue from one funding source that represented approximately 92% and 89% of total government grants and contracts revenue for the years ended September 30, 2017 and 2016, respectively.

All of a depositor's accounts at an insured depository institution, including noninterest-bearing transaction accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to the maximum deposit insurance amount (\$250,000). As of September 30, 2017, El Buen's uninsured cash balances totaled approximately \$225,000. There were no uninsured cash balances as of September 30, 2016.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2017 and 2016

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 earning on these amounts. Retirement plan expense for the years ended September 30, 2017 and 2016 totaled \$267,177 and \$220,536, respectively.

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	2017	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	\$ 1,177,197	\$ 1,177,197	\$ -	\$ -
Mutual funds	832,312	832,312	-	-
Equities	360,671	360,671	-	-
Exchange traded funds	165,454	165,454	-	-
	<u>\$ 2,535,634</u>	<u>\$ 2,535,634</u>	<u>\$ -</u>	<u>\$ -</u>
Description	2016	(Level 1)	(Level 2)	(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>

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2017 and 2016

NOTE P - WALLACE MALLORY CLINIC

In July 2017, the Board of Directors approved a construction contract for infrastructure upgrades of Wallace Mallory Clinic at a total estimated cost of \$672,650.

On October 4, 2017, El Buen executed a promissory note in the principal amount of \$500,000 to finance costs of construction that are unable to be paid from unrestricted cash and investments. Payments of principal and interest in the amount of \$3,949 are due monthly beginning November 4, 2017 with a final payment of all unpaid principal and accrued interest due on October 4, 2032. Interest accrues on the note at a fixed rate of 4.909%. This note is secured by a negative pledge agreement from the Diocese of Texas.

In December 2017, El Buen received a contribution in the amount of \$450,000 to cover the unpaid principal and interest of the promissory note.

NOTE Q - SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 9, 2018 the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

El Buen Samaritano Episcopal Mission

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

September 30, 2017

	El Buen Samaritano	Physician Board of El Buen	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 1,447,932	\$ 8,364	\$ -	\$ 1,456,296
Investments	1,358,437	-	-	1,358,437
Accounts receivable	326,068	-	-	326,068
Contributions receivable	764,330	-	-	764,330
Prepaid expenses and other assets	6,594	-	-	6,594
Property and equipment	3,999,334	-	-	3,999,334
Total assets	\$ 7,902,695	\$ 8,364	\$ -	\$ 7,911,059
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 364,726	\$ 3,444	\$ -	\$ 368,170
Capital lease obligation	57,315	-	-	57,315
Total liabilities	422,041	3,444	-	425,485
Net assets				
Unrestricted	5,031,901	4,920	-	5,036,821
Temporarily restricted	2,448,753	-	-	2,448,753
Permanently restricted	-	-	-	-
Total net assets	7,480,654	4,920	-	7,485,574
Total liabilities and net assets	\$ 7,902,695	\$ 8,364	\$ -	\$ 7,911,059

See accompanying independent auditors' report.

El Buen Samaritano Episcopal Mission

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

September 30, 2016

	El Buen Samaritano	Physician Board of El Buen	Eliminations	Consolidated
ASSETS				
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
Total assets	\$ 7,490,524	\$ (7,344)	\$ -	\$ 7,483,180
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 261,048	\$ -	\$ -	\$ 261,048
Deferred revenue	7,206	-	-	7,206
Total liabilities	268,254	-	-	268,254
Net assets				
Unrestricted	4,658,009	(7,344)	-	4,650,665
Temporarily restricted	2,564,261	-	-	2,564,261
Permanently restricted	-	-	-	-
Total net assets	7,222,270	(7,344)	-	7,214,926
Total liabilities and net assets	\$ 7,490,524	\$ (7,344)	\$ -	\$ 7,483,180

See accompanying independent auditors' report.

El Buen Samaritano Episcopal Mission

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the year ended September 30, 2017

	El Buen Samaritano	Physician Board of El Buen	Eliminations	Consolidated
Revenues and gains				
Grants and contributions	\$ 3,339,151	\$ 7,127	\$ (7,127)	\$ 3,339,151
Government grants and contracts	2,709,492	173,284	-	2,882,776
Patient fees	483,281	87,589	-	570,870
Return on investments	186,390	-	-	186,390
30th Anniversary Gala	97,446	-	-	97,446
Rental income	51,000	-	-	51,000
Program service fees	39,629	-	-	39,629
Other revenues	3,092	-	-	3,092
Total revenues and gains	6,909,481	268,000	(7,127)	7,170,354
Expenses and losses				
Program services	5,229,513	250,091	(7,127)	5,472,477
General and administrative	1,152,703	5,645	-	1,158,348
Fundraising	268,881	-	-	268,881
Total expenses and losses	6,651,097	255,736	(7,127)	6,899,706
Change in net assets	258,384	12,264	-	270,648
Net assets at beginning of year	7,222,270	(7,344)	-	7,214,926
Net assets at end of year	\$ 7,480,654	\$ 4,920	\$ -	\$ 7,485,574

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	6,229,647	192,446	(130,324)	6,291,769
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	5,950,545	205,104	(130,324)	6,025,325
Change in net assets	279,102	(12,658)	-	266,444
Net assets at beginning of year	6,943,168	5,314	-	6,948,482
Net assets at end of year	\$ 7,222,270	\$ (7,344)	\$ -	\$ 7,214,926

See accompanying independent auditors' report.