

**El Buen Samaritano**  
**Episcopal Mission**  
Consolidated Financial Statements  
and Independent Auditors' Report  
September 30, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017, 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 22, 2019

**CONSOLIDATED FINANCIAL STATEMENTS**

El Buen Samaritano Episcopal Mission

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30,

	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 950,913	\$ 1,456,296
Investments	1,512,379	1,358,437
Accounts receivable	433,518	326,068
Contributions receivable	871,859	764,330
Prepaid expenses and other assets	7,930	6,594
Property and equipment	4,194,287	3,999,334
Total assets	\$ 7,970,886	\$ 7,911,059
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 231,497	\$ 368,170
Capital lease obligation	40,633	57,315
Total liabilities	272,130	425,485
<b>Net assets</b>		
Unrestricted	5,353,742	5,036,821
Temporarily restricted	2,345,014	2,448,753
Permanently restricted	-	-
Total net assets	7,698,756	7,485,574
Total liabilities and net assets	\$ 7,970,886	\$ 7,911,059

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>2018</u>	<u>2017</u>
Changes in unrestricted net assets		
Revenues and gains		
Government grants and contracts	\$ 2,498,138	\$ 2,882,776
Patient fees	508,540	570,870
Grants and contributions	322,445	461,111
Return on investments	158,004	186,390
Rental income	52,800	51,000
Program service fees	35,797	39,629
30th Anniversary Gala (net of expenses of \$40,802)	-	97,446
Other revenues	<u>15,454</u>	<u>3,092</u>
Total unrestricted revenues and gains	3,591,178	4,292,314
Net assets released from restrictions	<u>3,702,170</u>	<u>2,993,548</u>
Total unrestricted revenues, gains and other support	<u>7,293,348</u>	<u>7,285,862</u>
Expenses		
Program services	5,417,053	5,472,477
General and administrative	1,295,593	1,158,348
Fundraising	<u>263,781</u>	<u>268,881</u>
Total expenses	<u>6,976,427</u>	<u>6,899,706</u>
Increase in unrestricted net assets	<u>316,921</u>	<u>386,156</u>
Changes in temporarily restricted net assets		
Grants and contributions	3,598,431	2,878,040
Satisfactions of purpose restrictions	<u>(3,702,170)</u>	<u>(2,993,548)</u>
Decrease in temporarily restricted net assets	<u>(103,739)</u>	<u>(115,508)</u>
Changes in permanently restricted net assets	<u>-</u>	<u>-</u>
Change in net assets	213,182	270,648
Net assets at beginning of year	<u>7,485,574</u>	<u>7,214,926</u>
Net assets at end of year	<u>\$ 7,698,756</u>	<u>\$ 7,485,574</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, 2018

	Program services	General & administrative	Fundraising	Total
Personnel				
Salaries	\$ 2,955,894	\$ 789,749	\$ 188,188	\$ 3,933,831
Payroll taxes	215,219	57,469	13,694	286,382
Employee benefits	489,431	135,879	32,378	657,688
Professional services	519,857	161,758	5,000	686,615
Medical supplies and expenses	427,574	-	-	427,574
Facilities	180,397	25,709	6,126	212,232
Depreciation	158,159	22,539	5,371	186,069
Equipment rental and maintenance	134,752	19,204	4,576	158,532
Insurance	91,499	5,350	1,275	98,124
Miscellaneous	23,462	32,273	1,895	57,630
Information technology	44,332	6,318	1,505	52,155
Program supplies and materials	40,908	-	-	40,908
Communications	30,682	4,300	1,025	36,007
Professional development	23,748	3,384	806	27,938
Travel	20,571	2,867	684	24,122
Dues and subscriptions	19,189	2,596	619	22,404
Special program events	19,776	-	-	19,776
Interest expense	-	13,340	-	13,340
Office supplies and expenses	10,451	1,489	355	12,295
Bank fees	-	10,178	-	10,178
Printing and reproduction	5,599	798	190	6,587
Postage and delivery	2,758	393	94	3,245
Advertising	2,505	-	-	2,505
Clinic assistance	290	-	-	290
	<u>290</u>	<u>-</u>	<u>-</u>	<u>290</u>
Total expenses	<u>\$ 5,417,053</u>	<u>\$ 1,295,593</u>	<u>\$ 263,781</u>	<u>\$ 6,976,427</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 STATEMENTS OF CASH FLOWS

For the years ended September 30,

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 213,182	\$ 270,648
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	186,069	181,240
Realized and unrealized (gains) losses on investments	(124,692)	(160,519)
Increase in accounts receivable	(107,450)	(146,892)
(Increase) decrease in contributions receivable	(107,529)	917,264
(Increase) decrease in prepaid expenses and other assets	(1,336)	1,200
(Decrease) Increase in accounts payable and accrued expenses	(136,673)	107,122
Decrease in deferred revenue	-	(7,206)
Net cash (used) provided by operating activities	<u>(78,429)</u>	<u>1,162,857</u>
Cash flows from investing activities:		
Purchases of property and equipment	(381,022)	(382,868)
Proceeds from sales of investments	45,027	416,295
Purchases/acquisitions of investments	<u>(74,277)</u>	<u>(268,339)</u>
Net cash used by investing activities	<u>(410,272)</u>	<u>(234,912)</u>
Cash flows from financing activities:		
Proceeds from note payable	500,000	-
Principal payments on note payable	(500,000)	-
Financing of capital lease obligation	-	70,733
Principal payments on capital lease obligation	<u>(16,682)</u>	<u>(13,418)</u>
Net cash (used) provided by financing activities	<u>(16,682)</u>	<u>57,315</u>
Net (decrease) increase in cash and cash equivalents	(505,383)	985,260
Cash and cash equivalents at beginning of year	<u>1,456,296</u>	<u>471,036</u>
Cash and cash equivalents at end of year	<u>\$ 950,913</u>	<u>\$ 1,456,296</u>
Amount paid during the year for:		
Income taxes	<u>\$ -</u>	<u>\$ -</u>
Interest	<u>\$ 13,340</u>	<u>\$ 3,549</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, 2018 and 2017

**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, 2018 and 2017

**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, 2018 and 2017

**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, 2018 and 2017

**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,

	2018	2017
Mutual funds	\$ 865,539	\$ 832,312
Equities	440,478	360,671
Exchange traded funds	206,362	165,454
	\$ 1,512,379	\$ 1,358,437

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

	2018	2017
Interest and dividends	\$ 42,220	\$ 34,590
Realized and unrealized gains (losses)	124,692	160,519
Investment management fees	(8,908)	(8,719)
	\$ 158,004	\$ 186,390

**NOTE D - ACCOUNTS RECEIVABLE**

The accounts receivable balances at September 30, 2018 and 2017 have been analyzed and reasonable allowances for uncollectible amounts have been made. As of September 30, 2018 and 2017, allowances for uncollectible amounts totaled \$29,600 and \$111,000, respectively.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2018 and 2017

**NOTE E - CONTRIBUTIONS RECEIVABLE**

The contributions receivable balances at September 30, 2018 and 2017 were considered fully collectible. Therefore, no allowances for uncollectible amounts have been recorded in these financial statements. At September 30, 2018 and 2017, 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,

	2018	2017
Buildings and improvements	\$ 5,545,481	\$ 4,898,894
Furniture and equipment	699,362	684,690
Land	520,702	520,702
Software	112,848	112,848
Vehicles	25,083	25,083
Construction in progress	-	282,463
	6,903,476	6,524,680
Less accumulated depreciation	(2,709,189)	(2,525,346)
	\$ 4,194,287	\$ 3,999,334

Depreciation expense totaled \$186,069 and \$181,240 for the years ended September 30, 2018 and 2017, respectively.

**NOTE G - NOTE PAYABLE**

On October 4, 2017, El Buen executed a promissory note in the principal amount of \$500,000 to finance costs of construction that were unable to be paid from unrestricted cash and investments. Payments of principal and interest in the amount of \$3,949 were due monthly beginning November 4, 2017 with a final payment of all unpaid principal and accrued interest due on October 4, 2032. Interest accrued on the note at a fixed rate of 4.909%. This note was 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 that was used to pay the note in full.



El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2018 and 2017

**NOTE H - 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. Effective November 23, 2018, El Buen executed a third renewal on the note to extend the maturity date to December 5, 2019. 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, 2018 and 2017.

**NOTE I - COMMITMENTS**

El Buen leases office equipment under various operating lease agreements. As of September 30, 2018, future minimum lease payments under these operating leases were as follows:

<u>Years ending September 30,</u>	<u>Minimum Lease Payments</u>
2019	\$ 38,580
2020	38,580
2021	38,580
2022	38,580
2023	35,365
thereafter	-

Equipment rent expense totaled \$48,263 and \$41,740 for the years ended September 30, 2018 and 2017, 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, 2018 and 2017, had a cost of \$70,733 and \$70,733, accumulated amortization of \$25,936 and \$11,789, and a net book value of \$44,797 and \$58,944, respectively. Amortization of the leased property is included in depreciation expense.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2018 and 2017

**NOTE I - COMMITMENTS - CONTINUED**

As of September 30, 2018, future minimum payments under this capital lease were as follows:

<u>Years ending September 30,</u>	<u>Payments</u>
2019	\$ 20,361
2020	20,361
2021	<u>3,385</u>
Minimum payments	44,107
Amount of interest	<u>(3,474)</u>
Capital lease obligation	<u>\$ 40,633</u>

El Buen recognized interest expense of \$3,679 and \$3,549 related to the capital lease during the years ended September 30, 2018 and 2017, respectively.

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 J - BOARD DESIGNATED NET ASSETS**

As of September 30, 2018 and 2017, 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, 2018 and 2017

**NOTE K - TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2018</u>	<u>2017</u>
Health services	\$ 1,407,091	\$ 1,328,434
Capacity building	439,974	605,801
Capital campaign	217,000	217,000
Education programs	167,726	197,643
Food pantry expansion project	6,550	81,550
Other purposes	<u>106,673</u>	<u>18,325</u>
	<u>\$ 2,345,014</u>	<u>\$ 2,448,753</u>

During the years ended September 30, 2018 and 2017, temporarily restricted net assets in the amounts of \$3,702,170 and \$2,993,548, respectively, were released to unrestricted net assets due to the satisfaction of purpose and time restrictions.

**NOTE L - 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 M - DONATED SERVICES**

During the years ended September 30, 2018 and 2017, El Buen recognized donated education services provided by qualified instructors in the amounts of \$129,490 and \$192,335, 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 \$107,012 and \$90,225 during the years ended September 30, 2018 and 2017, respectively.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2018 and 2017

**NOTE N - CONCENTRATIONS**

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

	2018		2017	
	Contributions Receivable	Grants and Contributions Revenue	Contributions Receivable	Grants and Contributions Revenue
Donor A	87%	52%	85%	40%
Donor B	11%	5%	0%	0%
Donor C	0%	22%	0%	25%
Donor D	0%	0%	15%	7%

El Buen recognized revenue from one funding source that represented 91% and 92% of total government grants and contracts revenue for the years ended September 30, 2018 and 2017, 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, 2018.

**NOTE O - 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, 2018 and 2017 totaled \$284,079 and \$267,177, respectively.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2018 and 2017

**NOTE P - 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	2018	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	\$ 805,912	\$ 805,912	\$ -	\$ -
Mutual funds	865,539	865,539	-	-
Equities	440,478	440,478	-	-
Exchange traded funds	206,362	206,362	-	-
	<u>\$ 2,318,291</u>	<u>\$ 2,318,291</u>	<u>\$ -</u>	<u>\$ -</u>
Description	2017	(Level 1)	(Level 2)	(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>

**NOTE Q - SUBSEQUENT EVENTS**

In December 2018, the Board of Directors began discussions regarding a proposed transfer of clinic operations at the Wallace Mallory Clinic to an unrelated Federally Qualified Health Center (FQHC) organization. A significant portion of the government grants and contracts revenue, and grants and contributions revenue are attributable to clinic operations, as well as all revenue recognized from patient fees. As part of the proposed transfer, the FQHC would acquire all the medical equipment and supplies, retain El Buen clinic personnel, and lease clinic facilities from El Buen. Additionally, The Physician Board, a controlled entity, would cease operations and be dissolved. The discussed target transfer date is October 1, 2019. Discussions involving board members from each organization have taken place, but no decisions or agreements have been reached. The discussions reflect mutual interest by the organizations, but are not legally binding on either organization.

Subsequent events have been evaluated through February 22, 2019 the date the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

El Buen Samaritano Episcopal Mission

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

September 30, 2018

	El Buen Samaritano	Physician Board of El Buen	Eliminations	Consolidated
<b>ASSETS</b>				
Cash and cash equivalents	\$ 936,652	\$ 14,261	\$ -	\$ 950,913
Investments	1,512,379	-	-	1,512,379
Accounts receivable	433,518	-	-	433,518
Contributions receivable	871,859	-	-	871,859
Prepaid expenses and other assets	7,930	-	-	7,930
Property and equipment	4,194,287	-	-	4,194,287
<b>Total assets</b>	<b>\$ 7,956,625</b>	<b>\$ 14,261</b>	<b>\$ -</b>	<b>\$ 7,970,886</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 231,497	\$ -	\$ -	\$ 231,497
Capital lease obligation	40,633	-	-	40,633
<b>Total liabilities</b>	<b>272,130</b>	<b>-</b>	<b>-</b>	<b>272,130</b>
<b>Net assets</b>				
Unrestricted	5,339,481	14,261	-	5,353,742
Temporarily restricted	2,345,014	-	-	2,345,014
Permanently restricted	-	-	-	-
<b>Total net assets</b>	<b>7,684,495</b>	<b>14,261</b>	<b>-</b>	<b>7,698,756</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,956,625</b>	<b>\$ 14,261</b>	<b>\$ -</b>	<b>\$ 7,970,886</b>

See accompanying independent auditors' report.

El Buen Samaritano Episcopal Mission

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

September 30, 2017

	El Buen Samaritano	Physician Board of El Buen	Eliminations	Consolidated
<b>ASSETS</b>				
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
<b>Total assets</b>	<b>\$ 7,902,695</b>	<b>\$ 8,364</b>	<b>\$ -</b>	<b>\$ 7,911,059</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 364,726	\$ 3,444	\$ -	\$ 368,170
Capital lease obligation	57,315	-	-	57,315
<b>Total liabilities</b>	<b>422,041</b>	<b>3,444</b>	<b>-</b>	<b>425,485</b>
<b>Net assets</b>				
Unrestricted	5,031,901	4,920	-	5,036,821
Temporarily restricted	2,448,753	-	-	2,448,753
Permanently restricted	-	-	-	-
<b>Total net assets</b>	<b>7,480,654</b>	<b>4,920</b>	<b>-</b>	<b>7,485,574</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,902,695</b>	<b>\$ 8,364</b>	<b>\$ -</b>	<b>\$ 7,911,059</b>

See accompanying independent auditors' report.



El Buen Samaritano Episcopal Mission

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the year ended September 30, 2018

	El Buen Samaritano	Physician Board of El Buen	Eliminations	Consolidated
Revenues and gains				
Grants and contributions	\$ 3,920,876	\$ 11,809	\$ (11,809)	\$ 3,920,876
Government grants and contracts	2,210,014	288,124	-	2,498,138
Patient fees	486,664	21,876	-	508,540
Return on investments	158,004	-	-	158,004
Rental income	52,800	-	-	52,800
Program service fees	35,797	-	-	35,797
Other revenues	15,454	-	-	15,454
Total revenues and gains	6,879,609	321,809	(11,809)	7,189,609
Expenses				
Program services	5,118,005	310,857	(11,809)	5,417,053
General and administrative	1,293,982	1,611	-	1,295,593
Fundraising	263,781	-	-	263,781
Total expenses	6,675,768	312,468	(11,809)	6,976,427
Change in net assets	203,841	9,341	-	213,182
Net assets at beginning of year	7,480,654	4,920	-	7,485,574
Net assets at end of year	\$ 7,684,495	\$ 14,261	\$ -	\$ 7,698,756

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				
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	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.