

El Buen Samaritano
Episcopal Mission
Consolidated Financial Statements
and Independent Auditors' Report
September 30, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018, 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.

Change in Accounting Principle

As discussed in Note A10 to the consolidated financial statements, El Buen Samaritano Episcopal Mission adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

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 25 through 28 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 7, 2020

CONSOLIDATED FINANCIAL STATEMENTS

El Buen Samaritano Episcopal Mission

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30,

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 429,173	\$ 950,913
Investments	1,095,639	1,512,379
Accounts receivable	19,743	433,518
Prepaid expenses and other assets	-	7,930
Contributions receivable	800,000	871,859
Property and equipment	<u>4,036,936</u>	<u>4,194,287</u>
Total assets	<u>\$ 6,381,491</u>	<u>\$ 7,970,886</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 63,332	\$ 231,497
Capital lease obligation	<u>22,681</u>	<u>40,633</u>
Total liabilities	<u>86,013</u>	<u>272,130</u>
Net assets		
Net assets without donor restrictions	5,204,047	5,353,742
Net assets with donor restrictions	<u>1,091,431</u>	<u>2,345,014</u>
Total net assets	<u>6,295,478</u>	<u>7,698,756</u>
Total liabilities and net assets	<u>\$ 6,381,491</u>	<u>\$ 7,970,886</u>

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

El Buen Samaritano Episcopal Mission

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and gains			
Grants and contributions	\$ 333,249	\$ 1,699,250	\$ 2,032,499
Government grants and contracts	1,596,833	-	1,596,833
Patient fees	331,033	-	331,033
Rental income	51,150	-	51,150
Program service fees	37,657	-	37,657
Return on investments	30,685	-	30,685
Other revenues	19,517	-	19,517
	<u>2,400,124</u>	<u>1,699,250</u>	<u>4,099,374</u>
Total revenues and gains			
Net assets released from restrictions	<u>2,952,833</u>	<u>(2,952,833)</u>	<u>-</u>
Total revenues, gains, and other support	<u>5,352,957</u>	<u>(1,253,583)</u>	<u>4,099,374</u>
Expenses			
Program services	4,069,269	-	4,069,269
General and administrative	1,259,928	-	1,259,928
Fundraising	173,455	-	173,455
	<u>5,502,652</u>	<u>-</u>	<u>5,502,652</u>
Total expenses			
Change in net assets	(149,695)	(1,253,583)	(1,403,278)
Net assets at beginning of year	<u>5,353,742</u>	<u>2,345,014</u>	<u>7,698,756</u>
Net assets at end of year	<u>\$ 5,204,047</u>	<u>\$ 1,091,431</u>	<u>\$ 6,295,478</u>

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

El Buen Samaritano Episcopal Mission

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and gains			
Grants and contributions	\$ 322,445	\$ 3,598,431	\$ 3,920,876
Government grants and contracts	2,498,138	-	2,498,138
Patient fees	508,540	-	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
	<u>3,591,178</u>	<u>3,598,431</u>	<u>7,189,609</u>
Total revenues and gains			
Net assets released from restrictions	<u>3,702,170</u>	<u>(3,702,170)</u>	<u>-</u>
Total revenues, gains, and other support	<u>7,293,348</u>	<u>(103,739)</u>	<u>7,189,609</u>
Expenses			
Program services	5,417,053	-	5,417,053
General and administrative	1,295,593	-	1,295,593
Fundraising	263,781	-	263,781
	<u>6,976,427</u>	<u>-</u>	<u>6,976,427</u>
Total expenses			
Change in net assets	316,921	(103,739)	213,182
Net assets at beginning of year	<u>5,036,821</u>	<u>2,448,753</u>	<u>7,485,574</u>
Net assets at end of year	<u>\$ 5,353,742</u>	<u>\$ 2,345,014</u>	<u>\$ 7,698,756</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, 2019

	Program services	General & administrative	Fundraising	Total
Personnel				
Salaries and wages	\$ 2,071,088	\$ 657,319	\$ 106,507	\$ 2,834,914
Payroll taxes	156,994	49,808	8,071	214,873
Employee benefits	352,012	114,022	18,475	484,509
Professional services	558,435	317,305	26,274	902,014
Medical supplies and expenses	272,269	-	-	272,269
Depreciation	153,794	23,356	3,784	180,934
Facilities	145,983	22,169	3,592	171,744
Equipment rental and maintenance	127,482	19,360	3,137	149,979
Insurance	44,676	3,738	606	49,020
Communications	32,605	4,952	802	38,359
Program supplies and materials	37,596	-	-	37,596
Special program events	23,812	-	-	23,812
Information technology	18,885	2,868	465	22,218
Travel	14,884	2,063	334	17,281
Dues and subscriptions	12,896	1,958	317	15,171
Printing and reproduction	9,369	1,423	231	11,023
Bank fees	-	9,465	-	9,465
Office supplies and expenses	6,079	923	150	7,152
Interest expense	-	6,904	-	6,904
Postage and delivery	5,540	841	136	6,517
Professional development	5,201	790	128	6,119
Advertising	962	-	-	962
Other expenses	18,707	20,664	446	39,817
Total expenses	<u>\$ 4,069,269</u>	<u>\$ 1,259,928</u>	<u>\$ 173,455</u>	<u>\$ 5,502,652</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 and wages	\$ 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
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
Other expenses	23,752	32,273	1,895	57,920
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 STATEMENTS OF CASH FLOWS

For the years ended September 30,

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,403,278)	\$ 213,182
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	180,934	186,069
Realized and unrealized (gains) losses on investments	36,678	(124,692)
Gain on sales of property and equipment	(16,768)	-
Decrease (increase) in accounts receivable	413,775	(107,450)
Decrease (increase) in prepaid expenses and other assets	7,930	(1,336)
Decrease (increase) in contributions receivable	71,859	(107,529)
Decrease in accounts payable and accrued expenses	<u>(168,165)</u>	<u>(136,673)</u>
Net cash used by operating activities	<u>(877,035)</u>	<u>(78,429)</u>
Cash flows from investing activities:		
Proceeds from sales of property and equipment	46,841	-
Purchases of property and equipment	(53,656)	(381,022)
Proceeds from sales of investments	477,272	45,027
Purchases/acquisitions of investments	<u>(97,210)</u>	<u>(74,277)</u>
Net cash provided (used) by investing activities	<u>373,247</u>	<u>(410,272)</u>
Cash flows from financing activities:		
Proceeds from note payable	-	500,000
Principal payments on note payable	-	(500,000)
Proceeds from line of credit	250,000	-
Principal payments on line of credit	(250,000)	-
Principal payments on capital lease obligation	<u>(17,952)</u>	<u>(16,682)</u>
Net cash used by financing activities	<u>(17,952)</u>	<u>(16,682)</u>
Net decrease in cash and cash equivalents	(521,740)	(505,383)
Cash and cash equivalents at beginning of year	<u>950,913</u>	<u>1,456,296</u>
Cash and cash equivalents at end of year	<u>\$ 429,173</u>	<u>\$ 950,913</u>
Amount paid during the year for:		
Income taxes	<u>\$ -</u>	<u>\$ -</u>
Interest	<u>\$ 6,904</u>	<u>\$ 13,340</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, 2019 and 2018

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 included 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 employed 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 included 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 was a Texas nonprofit corporation.

On May 23, 2019, El Buen executed a Transition and Asset Purchase Agreement to transfer clinic operations at the Wallace Mallory Clinic to an unrelated Federally Qualified Health Center (FQHC). A significant portion of the government grants and contracts revenue, grants and contributions revenue, and all revenue recognized from patient fees are attributable to clinic operations. As part of the transfer, the FQHC signed a lease agreement to lease the clinic facilities from El Buen. The transfer of clinic operations was completed on July 1, 2019. As a result of the transfer, The Physician Board ceased operations and was dissolved on August 26, 2019.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

3. Basis of Presentation

El Buen reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor imposed stipulations.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of donor restrictions on the net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of 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.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 net assets with donor restrictions to net assets without donor restrictions 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.

7. Revenue Recognition

Contributions received are recorded as increases in net assets without donor restrictions or as increases in net assets with donor restrictions, depending on the existence or nature of any donor restrictions. As purpose or time restrictions are satisfied, net assets are reclassified to net assets without donor restrictions. 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.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. Recently Adopted Accounting Guidance

In 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. El Buen adopted the provisions of this new standard during the year ended September 30, 2019, with retroactive application to the prior year. In addition to changes in terminology used to describe net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and availability of resources.

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 consolidated financial statements.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

NOTE C - INVESTMENTS

Investments comprised the following at September 30,

	2019	2018
Mutual funds	\$ 624,581	\$ 865,539
Equities	328,987	440,478
Exchange traded funds	142,071	206,362
	\$ 1,095,639	\$ 1,512,379

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

	2019	2018
Interest and dividends	\$ 76,752	\$ 42,220
Realized and unrealized gains (losses)	(36,678)	124,692
Investment management fees	(9,389)	(8,908)
	\$ 30,685	\$ 158,004

NOTE D - ACCOUNTS RECEIVABLE

The accounts receivable balances at September 30, 2019 and 2018 have been analyzed and reasonable allowances for uncollectible amounts have been made. As of September 30, 2018, allowances for uncollectible amounts totaled \$29,600. There were no allowances for uncollectible amounts as of September 30, 2019.

NOTE E - CONTRIBUTIONS RECEIVABLE

The contributions receivable balances at September 30, 2019 and 2018 were considered fully collectible. Therefore, no allowances for uncollectible amounts have been recorded in these consolidated financial statements. At September 30, 2019, collections of contributions receivable were expected within one year, except for \$25,000 expected to be collected in one to five years. Because the September 30, 2018 balance was due within one year and due to the immaterial amount of discount calculated as of September 30, 2019, no discounts to present value are reflected in these consolidated financial statements.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment comprised the following at September 30,

	<u>2019</u>	<u>2018</u>
Buildings and improvements	\$ 5,547,193	\$ 5,545,481
Furniture and equipment	531,327	699,362
Land	520,702	520,702
Software	36,609	112,848
Vehicles	<u>25,083</u>	<u>25,083</u>
	6,660,914	6,903,476
Less accumulated depreciation	<u>(2,623,978)</u>	<u>(2,709,189)</u>
	<u>\$ 4,036,936</u>	<u>\$ 4,194,287</u>

Depreciation expense totaled \$180,934 and \$186,069 for the years ended September 30, 2019 and 2018, 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. 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.

NOTE H - LINE OF CREDIT

On May 26, 2015, El Buen executed a line of credit with a bank for \$500,000. This note has been renewed to extend the maturity date to December 5, 2020. 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, 2019 and 2018.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

NOTE I - COMMITMENTS

El Buen leases office equipment under various operating lease agreements. As of September 30, 2019, future minimum lease payments under these operating leases were as follows:

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

Equipment rent expense totaled \$36,852 and \$48,263 for the years ended September 30, 2019 and 2018, 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, 2019 and 2018, had a cost of \$70,733 and \$70,733, accumulated amortization of \$40,083 and \$25,936, and a net book value of \$30,650 and \$44,797, respectively. Amortization of the leased property is included in depreciation expense.

As of September 30, 2019, future minimum payments under this capital lease were as follows:

Years ending September 30,	Payments
2020	\$ 20,361
2021	3,385
Minimum payments	23,746
Amount of interest	(1,065)
Capital lease obligation	\$ 22,681

El Buen recognized interest expense of \$2,409 and \$3,679 related to the capital lease during the years ended September 30, 2019 and 2018, respectively.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

NOTE J - FACILITIES LEASE

In July 2019, El Buen executed a five year rental agreement to lease the Wallace Mallory Clinic facilities, to an unrelated FQHC. The tenant has the option to extend the lease term for two additional five year periods. Future minimum lease payments to be received over the next five years are as follows:

Years ending September 30,	Minimum Rental Income
2020	\$ 163,140
2021	163,140
2022	163,140
2023	163,140
2024	122,355

NOTE K - BOARD DESIGNATED NET ASSETS

As of September 30, 2019 and 2018, the Board of Directors designated all unrestricted cash and investments for campus improvements and repairs. As of September 30, 2019 and 2018, unrestricted cash and investments totaled \$1,233,381 and \$990,137, respectively.

NOTE L - NET ASSETS WITH DONOR RESTRICTIONS

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

	2019	2018
Subject to expenditure for specified purposes/periods:		
Health services	\$ 311,648	\$ 1,407,091
Capital campaign	217,000	217,000
Education programs	158,616	167,726
Capacity building	-	439,974
Food pantry expansion project	-	6,550
Other purposes/future periods	404,167	106,673
Total for specified purposes/periods	\$ 1,091,431	\$ 2,345,014

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

NOTE M - 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 N - DONATED SERVICES

During the years ended September 30, 2019 and 2018, El Buen recognized donated education services provided by qualified instructors in the amounts of \$190,499 and \$129,490, 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 \$92,348 and \$107,012 during the years ended September 30, 2019 and 2018, respectively.

NOTE O - 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,

	2019		2018	
	Contributions Receivable	Grants and Contributions Revenue	Contributions Receivable	Grants and Contributions Revenue
Donor A	50%	20%	87%	52%
Donor B	44%	17%	0%	8%
Donor C	0%	30%	0%	22%

El Buen recognized revenue from one funding source that represented 84% and 91% of total government grants and contracts revenue for the years ended September 30, 2019 and 2018, respectively.

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

NOTE P - 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, 2019 and 2018 totaled \$207,680 and \$284,079, respectively.

NOTE Q - 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	2019	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	\$ 413,683	\$ 413,683	\$ -	\$ -
Mutual funds	624,581	624,581	-	-
Equities	328,987	328,987	-	-
Exchange traded funds	142,071	142,071	-	-
	<u>\$ 1,509,322</u>	<u>\$ 1,509,322</u>	<u>\$ -</u>	<u>\$ -</u>
Description	2018	(Level 1)	(Level 2)	(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>

El Buen Samaritano Episcopal Mission

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

NOTE R - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

El Buen structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following reflects El Buen's financial assets, reduced by amounts not available for general use within one year because of Board designations and donor-imposed restrictions, as of September 30,

	2019	2018
Cash and cash equivalents	\$ 429,173	\$ 950,913
Investments	1,095,639	1,512,379
Accounts receivable, collectible in less than one year	19,743	433,518
Contributions receivable, collectible in less than one year	775,000	871,859
 Total financial assets	 2,319,555	 3,768,669
 Board designations:		
Campus improvements and repairs	(1,233,381)	(990,137)
 Donor imposed restrictions:		
Subject to expenditure for specified purposes	(666,431)	(2,270,014)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 419,743	 \$ 508,518

NOTE S - SUBSEQUENT EVENTS

In October 2019, El Buen executed an agreement with a consulting organization in the amount of \$84,000 for strategic planning services. In November 2019, El Buen executed a second agreement with the same consulting organization in the amount of \$96,000 for strategic collaboration consulting services.

Subsequent events have been evaluated through February 7, 2020 the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

El Buen Samaritano Episcopal Mission

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

September 30, 2019

	El Buen Samaritano	Physician Board of El Buen	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 429,173	\$ -	\$ -	\$ 429,173
Investments	1,095,639	-	-	1,095,639
Accounts receivable	19,743	-	-	19,743
Contributions receivable	800,000	-	-	800,000
Property and equipment	4,036,936	-	-	4,036,936
Total assets	\$ 6,381,491	\$ -	\$ -	\$ 6,381,491
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 63,332	\$ -	\$ -	\$ 63,332
Capital lease obligation	22,681	-	-	22,681
Total liabilities	86,013	-	-	86,013
Net assets				
Net assets without donor restrictions	5,204,047	-	-	5,204,047
Net assets with donor restrictions	1,091,431	-	-	1,091,431
Total net assets	6,295,478	-	-	6,295,478
Total liabilities and net assets	\$ 6,381,491	\$ -	\$ -	\$ 6,381,491

See accompanying independent auditors' report.

El Buen Samaritano Episcopal Mission

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

September 30, 2018

	El Buen Samaritano	Physician Board of El Buen	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 936,652	\$ 14,261	\$ -	\$ 950,913
Investments	1,512,379	-	-	1,512,379
Accounts receivable	433,518	-	-	433,518
Prepaid expenses and other assets	7,930	-	-	7,930
Contributions receivable	871,859	-	-	871,859
Property and equipment	4,194,287	-	-	4,194,287
Total assets	<u>\$ 7,956,625</u>	<u>\$ 14,261</u>	<u>\$ -</u>	<u>\$ 7,970,886</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 231,497	\$ -	\$ -	\$ 231,497
Capital lease obligation	40,633	-	-	40,633
Total liabilities	<u>272,130</u>	<u>-</u>	<u>-</u>	<u>272,130</u>
Net assets				
Net assets without donor restrictions	5,339,481	14,261	-	5,353,742
Net assets with donor restrictions	2,345,014	-	-	2,345,014
Total net assets	<u>7,684,495</u>	<u>14,261</u>	<u>-</u>	<u>7,698,756</u>
Total liabilities and net assets	<u>\$ 7,956,625</u>	<u>\$ 14,261</u>	<u>\$ -</u>	<u>\$ 7,970,886</u>

See accompanying independent auditors' report.

El Buen Samaritano Episcopal Mission

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the year ended September 30, 2019

	El Buen Samaritano	Physician Board of El Buen	Eliminations	Consolidated
Revenues and gains				
Grants and contributions	\$ 2,124,462	\$ 24,825	\$ (116,788)	\$ 2,032,499
Government grants and contracts	1,473,833	123,000	-	1,596,833
Patient fees	280,559	50,474	-	331,033
Rental income	51,150	-	-	51,150
Program service fees	37,657	-	-	37,657
Return on investments	30,685	-	-	30,685
Other revenues	19,517	-	-	19,517
Total revenues and gains	4,017,863	198,299	(116,788)	4,099,374
Expenses				
Program services	3,982,924	203,133	(116,788)	4,069,269
General and administrative	1,250,501	9,427	-	1,259,928
Fundraising	173,455	-	-	173,455
Total expenses	5,406,880	212,560	(116,788)	5,502,652
Change in net assets	(1,389,017)	(14,261)	-	(1,403,278)
Net assets at beginning of year	7,684,495	14,261	-	7,698,756
Net assets at end of year	\$ 6,295,478	\$ -	\$ -	\$ 6,295,478

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.