El Buen Samaritano
Episcopal Mission

Consolidated Financial Statements
and Independent Auditors' Report
September 30, 2015

El Buen Samaritano Episcopal Mission

TABLE OF CONTENTS

Dunagan★Jack LLP
Certified Public Accountants

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 statement of financial position as of September 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 21 and 22 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
July 19, 2016

CONSOLIDATED FINANCIAL STATEMENTS

El Buen Samaritano Episcopal Mission

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

September 30, 2015

ASSETS	
Cash and cash equivalents	$ 1,021,339
Investments	1,231,486
Accounts receivable	236,025
Contributions receivable	724,404
Prepaid expenses and other assets	9,325
Property and equipment	3,919,334
Total assets	$ 7,141,913
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued expenses	$ 193,431
Total liabilities	193,431
Net assets	
Unrestricted	4,698,222
Temporarily restricted	2,250,260
Permanently restricted	-
Total net assets	6,948,482
Total liabilities and net assets	$ 7,141,913

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, 2015

Changes in unrestricted net assets	
Revenues and gains	
Government grants and contracts	$ 1,735,056
Patient fees	543,684
Grants and contributions	416,893
Program service fees	46,382
Rental income	45,000
Return on investments	(11,594)
Other revenues	2,227
Total unrestricted revenues and gains	2,777,648
Net assets released from restrictions	1,887,472
Total unrestricted revenues, gains and other support	4,665,120
Expenses and losses	
Program services	4,255,351
General and administrative	1,145,884
Fundraising	207,429
Total expenses and losses	5,608,664
Decrease in unrestricted net assets	(943,544)
Changes in temporarily restricted net assets	
Grants and contributions	2,741,097
Satisfactions of purpose restrictions	(1,887,472)
Increase in temporarily restricted net assets	853,625
Changes in permanently restricted net assets	-
Change in net assets	(89,919)
Net assets at beginning of year	7,038,401
Net assets at end of year	$ 6,948,482

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

El Buen Samaritano Episcopal Mission

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2015

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

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

El Buen Samaritano Episcopal Mission

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended September 30, 2015

Cash flows from operating activities:		
Change in net assets	$	(89,919)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation		172,754
Loss on disposal of property and equipment		741
Realized and unrealized (gains) losses on investments		56,972
Increase in accounts receivable		(78,807)
Increase in contributions receivable		(260,759)
Decrease in prepaid expenses and other assets		9,616
Decrease in accounts payable and accrued liabilities		(29,619)
Net cash used by operating actvities		(219,021)
Cash flows from investing activities:		
Purchases of property and equipment		(122,720)
Proceeds from sales of investments		1,331,448
Purchases/acquisitions of investments		(590,628)
Net cash provided by investing activities		618,100
Cash flows from financing activities:		-
Net increase in cash and cash equivalents		399,079
Cash and cash equivalents at beginning of year		622,260
Cash and cash equivalents at end of year	$	1,021,339
Amount paid during the year for:		
Income taxes	$	-
Interest	$	-

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. It's 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.

NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Presentation

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

4. Cash Equivalents

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

5. Investments

El Buen records investments using the guidance of FASB ASC 958-320, *Not-for-Profit Entities: Investments - Debt and Equity Securities*. Investments are stated at their readily determinable fair values in the consolidated statement 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 statement 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.

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.

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 provision for income taxes has been included in these financial statements. The tax years 2011 through 2014 remain open to examination by the major taxing jurisdictions in which income tax returns are filed.

NOTE C - INVESTMENTS

Investments comprised the following at September 30, 2015:

Mutual funds	$	723,648
Equities		349,924
Exchange traded funds		157,914
	$	1,231,486

Return on investments comprised the following for the year ended September 30, 2015:

Interest and dividends	$	56,486
Realized and unrealized gains (losses)		(56,972)
Investment management fees		(11,108)
	$	(11,594)

NOTE D - ACCOUNTS RECEIVABLE

The accounts receivable balance at September 30, 2015 is considered fully collectible. Therefore, no allowance for doubtful accounts has been included in these financial statements.

NOTE E - CONTRIBUTIONS RECEIVABLE

The contributions receivable balance at September 30, 2015 is considered fully collectible. Therefore, no allowance for uncollectible amounts is recorded in these financial statements. At September 30, 2015, collections of contributions receivable were expected within one year, therefore, no discount to present value is reflected in these financial statements.

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment comprised the following at September 30, 2015:

Buildings and improvements	$ 4,862,730
Furniture and equipment	635,308
Land	520,702
Software	219,613
Vehicles	82,614
	6,320,967
Less accumulated depreciation	(2,401,633)
	$ 3,919,334

Depreciation expense totaled $172,754 for the year ended September 30, 2015.

NOTE G - BOARD DESIGNATED NET ASSETS

During the year ended September 30, 2015, the Board of Directors designated a portion of unrestricted cash and investments for campus improvements and repairs.

NOTE H - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at September 30, 2015:

Health services	$ 1,259,985
Capacity building	605,775
Capital campaign	217,000
Education programs	167,500
	$ 2,250,260

During the year ended September 30, 2015, temporarily restricted net assets in the amount of $1,887,472, were released to unrestricted net assets due to the satisfaction of purpose and time restrictions.

NOTE I - LINE OF CREDIT

On May 26, 2015, El Buen executed a line of credit with a bank for $500,000. The note matures on November 22, 2016 and is secured by El Buen's rights, titles and interests in certain brokerage accounts held by a securities intermediary. There was no balance outstanding at September 30, 2015.

NOTE J - OPERATING LEASES

El Buen leases office equipment under various operating lease agreements. As of September 30, 2015, future minimum lease payments under these operating leases were as follows:

Years ending September 30,	Minimum Lease Payments	
2016	$	37,144
2017		37,144
2018		36,000
2019		36,000
2020		21,000

Equipment rent expense totaled $37,619 for the year ended September 30, 2015.

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

Years ending September 30,	Minimum Rental Income	
2016	$	45,000
2017		45,000
2018		11,250
thereafter		-

NOTE K - GRANTOR AUDITS

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

NOTE L - DONATED SERVICES

During the year ended September 30, 2015, El Buen recognized donated education services provided by qualified instructors in the amount of $134,232. 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 $37,115 during the year ended September 30, 2015.

NOTE M - CONCENTRATIONS

Three donors comprised the following percentages of gross contributions receivable and grants and contributions revenue as of and for the year ended September 30, 2015:

	Contributions Receivable	Grants and Contributions Revenue
Donor A	84%	40%
Donor B	16%	8%
Donor C	0%	29%

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

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 matched 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 year ended September 30, 2015 totaled $192,076.

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, 2015:

		Fair Value Measurements at Reporting Date Using		
Description	2015	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	$ 967,491	$ 967,491	$ -	$ -
Mutual funds	723,648	723,648	-	-
Equities	349,924	349,924	-	-
Exchange traded funds	157,914	157,914	-	-
	$ 2,198,977	$ 2,198,977	$ -	$ -

NOTE P - PRIOR PERIOD ADJUSTMENTS

Beginning net assets have been adjusted to decrease accounts receivable and increase accounts payable balances for adjustments to balances that should have been recognized in prior years; to restate accumulated depreciation; and to reflect promises to give from two foundations that were improperly not accrued at September 30, 2014. The contributions are restricted to health services. Beginning net assets have been restated as follows:

	As previously reported	Restatement	As restated
Unrestricted net assets	$ 5,487,168	$ 154,598	$ 5,641,766
Temporarily restricted net assets	932,990	463,645	1,396,635
Permanently restricted net assets	-	-	-
Total net assets	$ 6,420,158	$ 618,243	$ 7,038,401

NOTE Q - SUBSEQUENT EVENTS

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 will pay 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.

Subsequent events have been evaluated through July 19, 2016 the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

El Buen Samaritano Episcopal Mission

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

September 30, 2015

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

See accompanying independent auditors' report.

El Buen Samaritano Episcopal Mission

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the year ended September 30, 2015

	El Buen Samaritano	Physician Board of El Buen	Eliminations	Consolidated
Revenues and gains				
Grants and contributions	$ 3,157,990	$ 180,982	$ (180,982)	$ 3,157,990
Government grants and contracts	1,735,056	-	-	1,735,056
Patient fees	332,283	211,401	-	543,684
Program service fees	46,382	-	-	46,382
Rental income	45,000	-	-	45,000
Return on investments	(11,594)	-	-	(11,594)
Other revenues	2,227	-	-	2,227
Total revenues and gains	5,307,344	392,383	(180,982)	5,518,745
Expenses and losses				
Program services	4,051,383	384,950	(180,982)	4,255,351
General and administrative	1,143,765	2,119	-	1,145,884
Fundraising	207,429	-	-	207,429
Total expenses and losses	5,402,577	387,069	(180,982)	5,608,664
Change in net assets	(95,233)	5,314	-	(89,919)
Net assets at beginning of year	7,038,401	-	-	7,038,401
Net assets at end of year	$ 6,943,168	$ 5,314	$ -	$ 6,948,482

See accompanying independent auditors' report.