

SHALOM HEALTH CARE CENTER, INC.

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2013 AND 2012

SHALOM HEALTH CARE CENTER, INC.

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Independent Auditors' Report

Board of Directors
Shalom Health Care Center, Inc.
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Shalom Health Care Center, Inc. (the Center), which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center's preparation and fair presentation of the 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 Center'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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

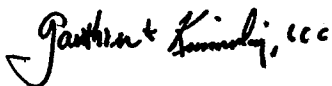
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shalom Health Care Center, Inc. as of December 31, 2013 and 2012, and the results of its operations, changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on pages 14 - 21 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlining accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2014 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



May 23, 2014

SHALOM HEALTH CARE CENTER, INC.
BALANCE SHEETS
DECEMBER 31,

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>ASSETS</u>						
Current Assets:						
Cash and cash equivalents	\$ 236,182	\$ 7,782	\$ 243,964	\$ 300,699	\$ 12,752	\$ 313,451
Patient accounts receivable, net of allowance for doubtful accounts of \$46,556 in 2013 and \$67,526 in 2012	425,897	-	425,897	187,122	-	187,122
Grants receivable	70,868	-	70,868	156,064	-	138,921
Other assets	387	-	387	464	-	464
Total Current Assets	<u>733,334</u>	<u>7,782</u>	<u>741,116</u>	<u>644,349</u>	<u>12,752</u>	<u>639,958</u>
Property and Equipment:						
Software and equipment	1,273,542	-	1,273,542	1,181,939	-	1,181,939
Less: accumulated depreciation	<u>(646,396)</u>	<u>-</u>	<u>(646,396)</u>	<u>(470,164)</u>	<u>-</u>	<u>(470,164)</u>
Property and equipment, net	627,146	-	627,146	711,775	-	711,775
Total Assets	<u>\$ 1,360,480</u>	<u>\$ 7,782</u>	<u>\$ 1,368,262</u>	<u>\$ 1,356,124</u>	<u>\$ 12,752</u>	<u>\$ 1,351,733</u>
<u>LIABILITIES AND NET ASSETS</u>						
Current Liabilities:						
Accounts payable	\$ 24,291	\$ -	\$ 24,291	\$ 46,434	\$ -	\$ 46,434
Accrued wages and related liabilities	118,341	-	118,341	80,788	-	80,788
Deferred revenue	113,750	-	113,750	113,750	-	113,750
Total Current Liabilities	<u>256,382</u>	<u>-</u>	<u>256,382</u>	<u>240,972</u>	<u>-</u>	<u>240,972</u>
Net Assets (Note 6)	<u>1,104,098</u>	<u>7,782</u>	<u>1,111,880</u>	<u>1,098,009</u>	<u>12,752</u>	<u>1,110,761</u>
Total Liabilities and Net Assets	<u>\$ 1,360,480</u>	<u>\$ 7,782</u>	<u>\$ 1,368,262</u>	<u>\$ 1,338,981</u>	<u>\$ 12,752</u>	<u>\$ 1,351,733</u>

The accompanying notes are an integral part of the financial statements.

SHALOM HEALTH CARE CENTER, INC.
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,

	2013		2012	
	Temporarily		Temporarily	
	Unrestricted	Restricted	Unrestricted	Restricted
REVENUE AND SUPPORT				
Patient service revenue (net of contractual allowances and discounts)	\$ 2,007,852	\$ -	\$ 2,007,852	\$ -
Provision for bad debts (note 8)	48,173	-	48,173	-
Net patient service revenue less provision for bad debts	1,959,679	-	1,959,679	-
Contributions	4,160	-	4,160	500
Contributions in-kind (Note 4)	421,214	-	421,214	-
Grants	1,184,497	17,143	1,201,640	26,788
Interest income	510	-	510	695
Other income	9,775	-	9,775	-
Revenue and Support	3,579,835	17,143	3,596,978	26,788
Net assets released from restriction	22,113	(22,113)	-	(64,319)
Total Revenue and Support	3,601,948	(4,970)	3,596,978	(37,531)
EXPENSES				
Primary care	1,888,557	-	1,888,557	-
Federally funded SBHC	376,338	-	376,338	-
Other SBHC	389,636	-	389,636	-
Administration	760,668	-	760,668	-
Fundraising	4,428	-	4,428	-
Total Expenses before depreciation	3,419,627	-	3,419,627	-
Increase (decrease) in net assets before depreciation	182,321	(4,970)	177,351	(37,531)
Depreciation expense	176,232	-	176,232	-
Total Increase (decrease) in net assets	6,089	(4,970)	1,119	(37,531)
Reclassification of temporarily restricted funds	-	-	-	(50,000)
Net assets - beginning of year	1,098,009	12,752	1,110,761	100,283
Net assets - end of year	\$ 1,104,098	\$ 7,782	\$ 1,111,880	\$ 12,752

The accompanying notes are an integral part of the financial statements.

SHALOM HEALTH CARE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Primary Care	In Scope SBHC	Other SBHC	Total Program	Administration	Fundraising	Total Expenses
<u>EMPLOYEE COMPENSATION</u>							
Salaries and wages	\$ 945,863	\$ 314,580	\$ 338,345	\$ 1,598,788	\$ 288,793	\$ -	\$ 1,887,581
Fringe benefits	222,863	30,123	38,746	291,732	125,019	-	416,751
Total Employee Compensation	1,168,726	344,703	377,091	1,890,520	413,812	-	2,304,332
<u>OTHER EXPENSES</u>							
Contracted services	58,887	-	3,944	62,831	32,873	-	95,704
Professional fees	15,991	-	-	15,991	32,322	-	48,313
Laboratory	147,655	-	-	147,655	-	-	147,655
Pharmacy	266,185	3,320	1,504	271,009	-	-	271,009
Supplies	39,667	4,851	2,733	47,251	12,970	-	60,221
Repairs and maintenance	6,540	-	-	6,540	5,415	-	11,955
Rent	129,676	19,000	-	148,676	44,379	-	193,055
Insurance	-	-	3,459	3,459	21,890	-	25,349
Telephone	1,372	-	-	1,372	5,433	-	6,805
Postage	2,060	797	76	2,933	1,234	-	4,167
Personnel recruitment	4,499	460	829	5,788	11,508	-	17,296
Licenses, dues, and subscriptions	5,874	185	-	6,059	18,466	-	24,525
Printing	6,869	-	-	6,869	2,655	-	9,524
Travel	11,806	469	-	12,275	28,698	-	40,973
Professional development	5,936	2,553	-	8,489	16,713	-	25,202
Information technology	2,273	-	-	2,273	61,592	-	63,865
Advertising	-	-	-	-	14,581	-	14,581
Education and Community Relations	2,017	-	-	2,017	15,474	-	17,491
Fundraising	-	-	-	-	-	4,428	4,428
Miscellaneous	12,524	-	-	12,524	20,653	-	33,177
Total Expenses	\$ 1,888,557	\$ 376,338	\$ 389,636	\$ 2,654,531	\$ 760,668	\$ 4,428	\$ 3,419,627

The accompanying notes are an integral part of the financial statements.

**SHALOM HEALTH CARE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Primary Care	In Scope SBHC	Other SBHC	Total Program	Administration	Total Expenses
<u>EMPLOYEE COMPENSATION</u>						
Salaries and wages	\$ 824,871	\$ 274,347	\$ 129,800	\$ 1,229,018	\$ 416,238	\$ 1,645,256
Fringe benefits	215,894	57,946	31,358	305,198	49,713	354,911
Total Employee Compensation	1,040,765	332,293	161,158	1,534,216	465,951	2,000,167
<u>OTHER EXPENSES</u>						
Contracted services	25,714	-	-	25,714	27,089	52,803
Professional fees	11,299	-	-	11,299	35,689	46,988
Laboratory	144,729	-	-	144,729	-	144,729
Pharmacy	300,182	7,050	5,432	312,664	-	312,664
Supplies	17,524	8,356	1,112	26,992	6,975	33,967
Repairs and maintenance	7,239	694	517	8,450	2,286	10,736
Rent	139,924	26,500	-	166,424	32,081	198,505
Insurance	-	-	490	490	27,511	28,001
Telephone	1,114	388	-	1,502	4,979	6,481
Postage	2,739	736	-	3,475	1,421	4,896
Personnel recruitment	3,810	98	196	4,104	995	5,099
Licenses, dues, and subscriptions	3,145	4,852	-	7,997	15,038	23,035
Printing	1,674	393	-	2,067	1,728	3,795
Travel	4,355	2,294	-	6,649	31,363	38,012
Professional development	2,683	22	-	2,705	8,153	10,858
Information technology	1,565	-	117	1,682	54,587	56,269
Advertising	450	-	-	450	7,599	8,049
Miscellaneous	8,175	1,211	-	9,386	20,621	30,007
Total Expenses	\$ 1,717,086	\$ 384,887	\$ 169,022	\$ 2,270,995	\$ 744,066	\$ 3,015,061

The accompanying notes are an integral part of the financial statements.

SHALOM HEALTH CARE CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2013	2012
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 1,119	\$ (56,841)
Adjustments to reconcile net assets to net cash provided by (used in) operations:		
Depreciation	176,232	169,185
Loss on disposal of fixed asset	-	3,584
Provision for bad debts	48,173	54,000
Decrease (increase) in operating assets:		
Patient accounts receivable	(286,948)	175
Grants receivable	68,053	(53,940)
Other assets	77	(80)
Increase (decrease) in operating liabilities:		
Accounts payable	(22,143)	24,271
Accrued wages and related liabilities	37,553	(7,055)
Deferred revenue	-	(31,051)
Net Cash Provided by (Used in) Operating Activities	22,116	102,248
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(91,603)	(9,822)
Net increase (decrease) in cash	(69,487)	92,426
Cash - beginning of year	313,451	221,025
Cash - end of year	\$ 243,964	\$ 313,451
Interest paid	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

SHALOM HEALTH CARE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

1. NATURE OF THE ORGANIZATION

Shalom Health Care Center, Inc. (the Center) was founded in 2002. Its purpose is to provide a full range of primary and preventive health care services to all residents of the Center's service area, regardless of the ability to pay. The Center's major programs consist of primary and preventive care and school-based health clinics (SBHC), all of which are subsidized by state, federal and local grants. The Center receives federal assistance as a Federally Qualified Health Center.

2. SIGNIFICANT ACCOUNTING POLICIES

The Center maintains its accounting records on the accrual basis.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Equipment is stated at cost or, for donations, at fair market value at the date of donation. Depreciation is computed over the estimated useful life, generally three to seven years for equipment, using the straight-line method. Acquisitions are capitalized at management's discretion.

The Center reviews its software and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. If the property is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the property exceeds the fair value of such property. There was no impairment loss recognized in 2013 or 2012.

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Center analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely).

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

For receivables associated with self-pay patients, (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates or discounted rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Retroactively calculated third-party contractual settlements are accrued on an estimated basis in the period the related services are rendered. Net patient service revenue is adjusted as required in subsequent periods based on final settlements.

The Center recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Center recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Center records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	<u>Third-Party</u>	<u>Insurance</u>	<u>Private Pay</u>	<u>Total</u>
<u>2013</u>	<u>Payors</u>	<u>Insurance</u>	<u>Private Pay</u>	<u>All Payors</u>
Patient service revenue (net of contractual allowances and discounts)	<u>\$ 1,601,612</u>	<u>\$ 65,479</u>	<u>\$ 340,761</u>	<u>\$ 2,007,852</u>
<u>2012</u>				
Patient service revenue (net of contractual allowances and discounts)	<u>\$ 1,242,341</u>	<u>\$ 27,279</u>	<u>\$ 281,880</u>	<u>\$ 1,551,500</u>

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

The Center has reported two classes of net assets in these financial statements, those which are temporarily restricted, and those which are unrestricted. Temporarily restricted net assets are net assets in which the donor has imposed restrictions as to the assets' use related to either the timing or the purpose of such use. When such restrictions are met, the net assets are released from restriction into unrestricted net assets. Contributions for which the restrictions are met in the same period in which the contribution is received are recorded as unrestricted funds. Unrestricted net assets are those net assets in which management possesses full discretionary power as to use. The Center has no permanently restricted net assets.

Certain prior year amounts have been reclassified to conform to the current year presentation. The reclassifications have no effect on the increase (decrease) in net assets.

For purposes of the statements of cash flows, investments with a maturity of three months or less are considered to be cash equivalents.

The Center has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes (pursuant to Section 501(a) of the IRC) unless tax on unrelated business income is applicable. Management believes that the Center has adequately addressed all relevant tax positions and that there are no unrecorded liabilities. Management believes it is no longer subject to income tax examination for years prior to 2010.

3. FINANCIAL INSTRUMENTS

The Center maintains its cash in bank accounts, the balances of which may exceed federally insured limits at times. As of December 31, 2013, there was no such excess. As of December 31, 2012, such excess consisted of approximately \$46,900. The Center has not experienced any losses in its accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

4. CONTRIBUTIONS IN-KIND

The Center received in-kind contributions for pharmacy and laboratory services and operating space. Amounts of in-kind contributions are as follows:

	<u>2013</u>	<u>2012</u>
Pharmacy services	\$ 258,214	\$ 280,507
Laboratory services	144,000	144,000
Operating space	<u>19,000</u>	<u>26,500</u>
Total	<u>\$ 421,214</u>	<u>\$ 451,007</u>

5. RETIREMENT PLAN

The Center offers a Section 403(b) retirement plan to eligible employees. Under the plan, the Center matches employee contributions 1 for 1 up to 3% and ½ to 1 for employee contributions greater than 3% up to 5%. For the years ended December 31, 2013 and 2012, the Center contributed \$21,420 and \$24,866 to this plan, respectively.

6. TEMPORARILY RESTRICTED NET ASSETS AS RESTATED

Beginning unrestricted net assets was restated at January 1, 2012, in order to recognize temporarily restricted electronic medical records (EMR) funds amounting to \$17,431 that were not expended until 2013.

Temporarily restricted funds at December 31, consisted of the following:

	<u>2013</u>	<u>2012</u>
Richard M. Fairbanks	\$ -	\$ 4,970
eClinicalWorks SU	7,782	7,782
Central Indiana Community Fdn.	-	-
Speedway Vaccine Grant	-	-
Totals	<u>\$ 7,782</u>	<u>\$ 12,752</u>

7. REVENUE FROM CONTRACTING AGENCIES

The Center participates as a provider of health care services to Medicare and Medicaid patients. Reimbursement for covered services is based on prospective payment rates. Final reimbursement is determined after submission of annual cost reports and audits thereof by the fiscal intermediaries. Provisions for estimated reimbursement adjustments are reported in the financial statements in the period that the services are rendered.

Revenue from Medicare and Medicaid accounted for approximately 80% of total net patient service revenue in 2013 and 2012, respectively. Laws and regulations governing the Medicare program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term.

8. LEASED PREMISES

During 2010, the Center renewed and extended its lease agreement for office space located on the second floor of 3400 Lafayette Road, Indianapolis, Indiana. The term of the lease is for 10 years with the expiration date of June 30, 2020. The lease calls for payments of \$14,327 for months 1 through 24, \$14,408 for months 25 through 60, \$15,293 for months 61 through 96, and \$16,158 for months 97 through 120. The lease includes a renewal option whereby the Center must notify, in writing, the landlord of its interest to renew six months prior to expiration. At such time, the landlord will notify the Center of the proposed rent. All other terms will remain. During 2013 and 2012, the Center made lease payments totaling \$174,055 and \$172,005, respectively.

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8. LEASED PREMISES - Continued

Minimum future lease payments for the next five years are as follows:

2014	172,900
2015	178,210
2016	183,520
2017	183,520
2018	<u>188,710</u>
Total	<u>\$ 906,860</u>

9. LINE OF CREDIT

The Center has a \$200,000 line of credit with a local bank. The terms of the instrument state a variable interest rate of 1% above the bank's prime rate. Per the note, the Center must maintain a minimum net worth of \$200,000 and a current ratio between 1.0 and 1.5. There was no balance outstanding at December 31, 2013 or December 31, 2012.

10. CONCENTRATIONS OF CREDIT RISK

The Center grants credit without collateral to its patients, most of whom are local residents and are either uninsured or insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, was as follows:

	<u>2013</u>	<u>2012</u>
Medicaid	79%	76%
Medicare	1%	4%
Private pay	18%	15%
Private insurance	<u>2%</u>	<u>5%</u>
Total	<u>100%</u>	<u>100%</u>

11. FAIR VALUE MEASUREMENTS

In accordance with the Accounting Standards Codification (ASC) 820, the Center measures its recurring assets and liabilities at fair value using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires that entities maximize the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

The three levels of inputs used are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities
- Level 2 – Quoted prices for similar assets or liabilities in active markets
- Level 3 – Unobservable inputs for the asset or liability based on the best available information

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11. FAIR VALUE MEASUREMENTS - Continued

As of December 31, 2013 and 2012, there were no assets or liabilities valued on a recurring basis.

The fair value of short-term financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and other accrued liabilities approximate the carrying value in the accompanying financial statements due to the short maturity of such instruments.

All methods of assessing fair value result in a general approximation of value and such value may never be realized.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

Shalom Health Care Center, Inc.
Balance Sheet
All Funds
Dec 2013

Assets

Current Assets

Cash on hand	243,964
CD's	-
Accounts Receivable	
Medicaid	326,260
Medicare	1,717
Self Pay	60,255
Private Insurance	9,536
Subtotal - Patient A/R - Net	397,768
Other Receivables	
MCHD - Ryan White	7,995
BPHC	20,136
ISDH - CHC Grant	47,023
Learning Well	10,404
Advantage	14,310
Other Receivables	(482)
Subtotal - Other A/R	99,386
Prepaid Expenses	-
Total Current Assets	741,118
Fixed Assets	
Software	207,698
Prop., Plant and Equip. - Net	419,448
Total Fixed Assets	627,146
Total Assets	1,368,264

Liabilities & Fund Balance

Current Liabilities

Accounts Payable	73,820
Taxes Payable	19,767
Accrued Expenses	49,046
Deferred Revenues	113,750
Total Current Liabilities	256,383

Fund Balance

Unrestricted Balance	1,104,099
Temporarily Restricted	7,782
Total Fund Balance	1,111,881
Total Liabilities & Fund Balance	1,368,264

See Auditors' Report.

Shalom Health Care Center, Inc.
Statement of Revenue and Expenditures
All Funds - Consolidated
Jan 2013 - Dec 2013

Revenue

Public Grant Revenues	\$	809,939
Private Grant Revenues		396,673
Contractual Revenues		148,923
Meaningful Use Revenues		63,750
Fundraising/Development Revenues		4,160
Gifts and Other Contributions		-
Third Party Revenues - Net		
Medicaid		1,586,582
Medicare		15,030
Private Insurance		10,827
Self Pay		182,741
Subtotal - Third Party Revenues - Net		1,795,180
Other		10,285
Total Revenue b/In-Kind		3,228,910
In-Kind Revenues		421,214
Total Revenue	\$	<u>3,650,124</u>

Expenses

Salaries and Wages		1,901,736
Fringe Benefits		402,596
Total Salaries & Wages include. Benef.		2,304,332
Travel		40,973
Staff Training		24,767
Marketing & Advertising		31,878
Printing & Duplication		9,524
Office Supplies		24,217
Equipment		11,295
Contractual Services		144,016
Medical Supplies & Pharmaceuticals		50,647
Computer Support		64,591
Rent & Utilities		177,462
Insurance		25,349
Bad Debt		48,173
Fundraising		4,428
Community Relations		17,926
Other Expenses		67,010
In-Kind Expenses		421,214
Total Expenses before Depreciation		3,467,802
Excess (Deficiency) Revenue Over Expenses before Depreciation		182,322
Depreciation		176,232
Excess (Deficiency) Revenue Over Expenses	\$	<u>6,090</u>

See Auditors' Report.

Shalom Health Care Center
Statement of Functional Expenditures
Jan 2013 - Dec 2013

Account	Description	001 Speedway Schools	002 SBHCs - Year 2 Accounting	003 Primary Care Clinic 3	004 Shared Cost	005 SBHC- Charter	Total
5010	Physicians	\$ 33,653.89	\$ 33,653.87	\$ 75,640.74	\$ -	\$ 33,653.87	\$ 176,602.37
5015	Mid-level practitioners	2,063.94	170,794.41	263,051.92	0.00	51,795.98	487,706.25
5020	Nurses: RN & LPN	106,824.78	0.00	3,223.34	0.00	12,956.40	123,004.52
5025	Technicians: MA	539.38	58,395.64	81,864.84	0.00	0.00	140,799.86
5030	Interpreters	0.00	0.00	98,771.67	0.00	0.00	98,771.67
5035	Patient Service Reps	634.66	0.00	201,575.31	0.00	0.00	202,209.97
5037	Case Managers: RN	0.00	0.00	30,167.65	0.00	0.00	30,167.65
5039	Other medical supports	0.00	0.00	72,467.50	0.00	0.00	72,467.50
5060	Fiscal	6,580.61	6,580.59	6,580.61	15,909.58	6,580.59	42,231.98
5065	Administrative, clerical, other	37,905.37	45,155.37	99,395.89	272,883.69	45,155.37	500,495.69
5077	Security	0.00	0.00	13,123.23	0.00	0.00	13,123.23
5090	Vacation/PTO Accrual	0.00	0.00	0.00	14,155.00	0.00	14,155.00
5110	FICA	8,311.27	17,163.42	66,404.92	39,396.73	4,508.45	135,784.79
5115	State unemployment insurance	2,249.56	3,133.21	16,707.36	6,224.46	1,537.90	29,852.49
5125	ST Disability insurance	665.12	1,513.23	4,186.81	2,841.32	205.62	9,412.10
5126	LT Disability insurance	275.74	627.70	2,396.80	1,550.33	340.84	5,191.41
5130	Health insurance	9,299.36	6,159.64	120,602.48	32,967.93	9,350.89	178,380.30
5135	Dental insurance	613.29	620.76	8,706.54	3,239.45	633.91	13,813.95
5140	Life insurance	324.60	443.35	1,846.09	770.50	129.50	3,514.04
5145	Vision Insurance	181.08	461.69	2,001.08	552.93	119.27	3,316.05
5150	Pension Plan	0.00	0.00	0.00	21,420.20	0.00	21,420.20
5155	COBRA Administration	0.00	0.00	0.00	750.00	0.00	750.00
5190	Other	0.00	0.00	10.69	1,149.96	0.00	1,160.65
5210	Consultant fees - health care	0.00	0.00	0.00	17,025.00	0.00	17,025.00
5220	Contract Svce - maintenance	0.00	0.00	23,548.50	5,848.80	0.00	29,397.30
5230	Contractual Service - other	0.00	0.00	2,692.75	6,098.90	0.00	8,791.65
5235	Contract Svce - Health Care	3,943.50	0.00	32,645.25	3,900.00	0.00	40,488.75
5240	Professional fees - legal	0.00	0.00	0.00	1,112.11	0.00	1,112.11
5245	Professional fees - medical	0.00	0.00	360.00	121.00	0.00	481.00
5250	Professional fees - accounting	0.00	0.00	0.00	14,965.47	0.00	14,965.47
5255	Professional fees - technology	0.00	0.00	136.95	9,180.00	0.00	9,316.95
5256	Professional fees - Lang Serv	0.00	0.00	15,494.00	0.00	0.00	15,494.00
5270	Payroll Fees	0.00	0.00	0.00	6,943.28	0.00	6,943.28
5310	Laboratory	0.00	0.00	3,654.50	0.00	0.00	3,654.50
5311	Laboratory - In Kind	0.00	0.00	144,000.00	0.00	0.00	144,000.00
5320	Pharmacy	0.00	3,320.42	4,670.55	0.00	1,504.18	9,495.15
5321	Pharmacy - In Kind	0.00	0.00	258,214.38	0.00	0.00	258,214.38
5233	PAP License Fees	0.00	0.00	3,300.00	0.00	0.00	3,300.00
5330	Radiology	0.00	0.00	6,344.00	0.00	0.00	6,344.00

See Auditors' Report.

Account	Description	001 Speedway Schools	002 SBHCs - Year 2 Accounting	003 Primary Care Clinic 3	004 Shared Cost	005 SBHC- Charter	Total
5410	Medical Supplies	0.00	3,078.64	23,199.48	0.00	1,479.77	27,757.89
5420	Pharmacy Supplies	0.00	0.00	95.47	0.00	0.00	95.47
5460	Admin. Office & other supplies	435.74	1,771.98	8,251.62	12,939.57	817.61	24,216.52
5470	Housekeeping supplies	0.00	0.00	1,776.04	30.05	0.00	1,806.09
5510	Repairs and maintenance	0.00	0.00	0.00	605.13	0.00	605.13
5520	Equipment Rental	0.00	0.00	6,396.31	2,044.23	0.00	8,440.54
5530	Minor equipment purchases	0.00	0.00	143.35	583.97	0.00	727.32
540	Vehicles - rental	0.00	0.00	0.00	1,522.32	0.00	1,522.32
5610	Malpractice	1,022.00	0.00	0.00	0.00	2,437.00	3,459.00
5611	D&O	0.00	0.00	0.00	3,499.00	0.00	3,499.00
5612	Employment Practices Liability	0.00	0.00	0.00	3,340.00	0.00	3,340.00
5613	Fiduciary Liability	0.00	0.00	0.00	840.00	0.00	840.00
5620	Other insurance	0.00	0.00	0.00	14,211.00	0.00	14,211.00
5710	Rent	0.00	0.00	129,675.96	44,378.86	0.00	174,054.82
5711	Rent - In Kind	0.00	19,000.00	0.00	0.00	0.00	19,000.00
5730	Repairs and maintenance	0.00	0.00	0.00	659.00	0.00	659.00
5740	Moving Expense	0.00	0.00	2,748.00	0.00	0.00	2,748.00
5810	Telephone	0.00	0.00	1,371.95	5,433.34	0.00	6,805.29
5910	Postage	0.00	796.93	2,060.33	1,234.04	76.23	4,167.53
6010	Personnel recruitment	0.00	460.00	4,499.05	11,508.30	829.00	17,296.35
6021	Advertising	0.00	0.00	0.00	14,581.47	0.00	14,581.47
6110	Books and subscriptions	0.00	0.00	94.90	954.24	0.00	1,049.14
6120	License and fees	0.00	0.00	5,778.89	555.75	0.00	6,334.64
6130	Organization dues	0.00	185.00	0.00	16,956.00	0.00	17,141.00
6210	Printing and publications	0.00	0.00	6,869.19	2,654.80	0.00	9,523.99
6410	Travel - out of town	0.00	469.00	8,860.31	26,088.23	0.00	35,417.54
6420	Travel - local	0.00	0.00	1,260.88	1,473.69	0.00	2,734.57
6430	Travel - meeting & conf fees	0.00	0.00	1,685.00	1,135.68	0.00	2,820.68
6510	Staff training	0.00	2,553.00	5,936.02	16,277.74	0.00	24,766.76
6610	Uniform service	0.00	0.00	3,593.24	2,048.72	0.00	5,641.96
6710	Software Support fees	0.00	0.00	0.00	19,270.12	0.00	19,270.12
6720	Network fees: Cable/ISDN/DSL/I	0.00	0.00	0.00	8,854.23	0.00	8,854.23
6730	Software Licenses	0.00	0.00	0.00	1,647.75	0.00	1,647.75
6740	Hardware Fees/Maintenance	0.00	0.00	2,273.04	31,819.83	0.00	34,092.87
6750	Network supplies:Tape backups/	0.00	0.00	0.00	726.24	0.00	726.24
6810	Community Education Handouts	0.00	0.00	1,304.35	32.00	0.00	1,336.35
6820	Outreach Services	0.00	0.00	0.00	434.99	0.00	434.99
6830	Fundraising Expenses	0.00	0.00	0.00	4,427.98	0.00	4,427.98
6840	Community Relations	0.00	0.00	712.54	15,442.42	0.00	16,154.96
9730	Bad debt expense - self pay	0.00	0.00	48,173.00	0.00	0.00	48,173.00
9810	Bank charges	0.00	0.00	1,408.18	20.00	0.00	1,428.18
9815	Catering/Food	0.00	0.00	890.74	21,076.42	0.00	21,967.16
9890	Miscellaneous expenses	0.00	0.00	3,885.77	(3,216.45)	0.00	669.32

See Auditors' Report.

Account	Description	001 Speedway Schools	002 SBHCs - Year 2 Accounting	003 Primary Care Clinic 3	004 Shared Cost	005 SBHC- Charter	Total
9940	Depr exp-leaschold improv	0.00	0.00	238.25	61,362.85	0.00	61,601.10
9950	Depr exp-furn & fix	0.00	1,143.45	6,263.08	40,647.87	79.42	48,133.82
9960	Depr exp-moveable equip	0.00	73.25	22,056.52	0.00	103.31	22,233.08
9975	Depreciation-software	1,123.75	2,985.92	14,913.13	25,000.44	240.80	44,264.04
		\$ 216,647.64	\$ 380,540.47	\$ 1,980,200.94	\$ 892,108.46	\$ 174,535.91	\$ 3,644,033.42

See Auditors' Report.

SHALOM HEALTH CARE CENTER, INC.
BALANCE SHEET RECONCILIATION
DECEMBER 31, 2013

ASSETS

Total assets per audited financial statements	\$ <u>1,368,262</u>
Total assets, per internal financial statements	\$ 1,368,264
Difference due to rounding	<u>(2)</u>
	<u>\$ 1,368,262</u>

LIABILITIES

Total current liabilities, per audited financial statements	\$ <u>256,382</u>
Total current liabilities, per internal financial statements	\$ <u>256,382</u>

NET ASSETS

Total net assets, per audited financial statements	\$ <u>1,111,880</u>
Total fund balance, per internal financial statements	\$ 1,111,881
Difference due to rounding	<u>(1)</u>
	<u>\$ 1,111,880</u>

LIABILITIES AND NET ASSETS

Total liabilities and net assets per, audited financial statements	\$ <u>1,368,262</u>
Total current liabilities and fund balance, per internal financial statements	\$ 1,368,264
Difference due to rounding	<u>(2)</u>
	<u>\$ 1,368,262</u>

SHALOM HEALTH CARE CENTER, INC.
STATEMENTS OF OPERATIONS AND CHANGES
IN NET ASSETS RECONCILIATION
FOR THE YEAR ENDED DECEMBER 31, 2013

REVENUE AND SUPPORT

Total revenue per audited financial statements	\$ 3,601,948
Less temporarily restricted revenue and support	\$ (4,970)
	<u>\$ 3,596,978</u>

Total revenue, per internal financial statements	\$ 3,650,124
Temporarily restricted revenue and support	(4,970)
Bad Debt	(48,173)
Difference due to rounding	(3)
	<u>\$ 3,596,978</u>

EXPENSES

Total expenses before depreciation, per audited financial statements	\$ 3,419,627
Bad debt, per internal financial statements	48,173
Depreciation expense, per audited financial statements	176,232
	<u>\$ 3,644,032</u>

Total expenses before depreciation, per internal financial statements	\$ 3,467,802
Depreciation expense, per internal financial statements	176,232
Difference due to rounding	(2)
	<u>\$ 3,644,032</u>

INCREASE IN NET ASSETS

Increase in net assets, per audited financial statements	<u>\$ 1,119</u>
Excess of revenues over expenses, per supplemental information	\$ 6,090
Change in temporarily restricted net assets	(4,970)
Difference due to rounding	(1)
	<u>\$ 1,119</u>

SHALOM HEALTH CARE CENTER, INC.
RECONCILIATION OF AUDITED STATEMENTS OF FUNCTIONAL EXPENSES
TO SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013

PRIMARY CARE

Total, per audited financial statements	<u>\$ 1,888,557</u>
Total, per supplemental information	\$ 1,980,201
Depreciation expense per, supplemental information	(43,471)
Bad debt, per supplemental information	<u>(48,173)</u>
	<u>\$ 1,888,557</u>

IN SCOPE SBHC

Total, per audited financial statements	<u>\$ 376,338</u>
Total, per supplemental information	\$ 380,541
SBHC depreciation expense, per supplemental information	<u>(4,203)</u>
	<u>\$ 376,338</u>

OTHER SBHC

Total, per audited financial statements	<u>\$ 389,636</u>
Speedway Schools, per supplemental information	\$ 216,648
SBHC - Charter, per supplemental information	174,536
Speedway Schools depreciation, per supplemental information	(1,124)
SBHC - Charter depreciation, per supplemental information	<u>(424)</u>
	<u>\$ 389,636</u>

ADMINISTRATION

Total, per audited financial statements	<u>\$ 760,668</u>
Total, Shared Costs, per supplemental information	\$ 892,108
Shared costs depreciation, per supplemental information	(127,011)
Fundraising expenses, per supplemental information	(4,428)
Difference due to rounding	<u>(1)</u>
	<u>\$ 760,668</u>

FUNDRAISING

Total, per audited financial statements	<u>\$ 4,428</u>
Total per supplemental information	<u>\$ 4,428</u>