

**GOOD SAMARITAN HEALTH CENTER
OF GWINNETT, INC.
(a nonprofit organization)**

FINANCIAL STATEMENTS

DECEMBER 31, 2011 and 2010

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements	6 - 10

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Good Samaritan Health Center of Gwinnett, Inc.
Lawrenceville, Georgia

We have audited the accompanying statement of financial position of Good Samaritan Health Center of Gwinnett, Inc. (a nonprofit organization) as of December 31, 2011, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2010 financial statements and, in our report dated September 21, 2011, we expressed an unqualified opinion on those financial statements.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Good Samaritan Health Center of Gwinnett, Inc. as of December 31, 2011, and its activities and changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


CERTIFIED PUBLIC ACCOUNTANTS

March 9, 2012
Duluth, Georgia

GOOD SAMARITAN HEALTH CENTER OF GWINNETT, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2011 AND 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 103,816	\$ 39,737
Contributions receivable, net of allowance for uncollectible pledges of \$0 and \$3,000 at December 31, 2011 and 2010, respectively	-	2,450
Property and equipment, net	669,851	693,340
Loan closing costs, net	1,743	3,487
Other assets	<u>171</u>	<u>171</u>
 TOTAL ASSETS	 <u>\$ 775,581</u>	 <u>\$ 739,185</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	\$ 10,833	\$ 30,825
Accrued salaries and other expenses	8,060	8,489
Note payable	<u>643,019</u>	<u>648,700</u>
 Total Liabilities	 <u>661,912</u>	 <u>688,014</u>
 NET ASSETS:		
Unrestricted	86,057	22,880
Temporarily restricted	27,612	28,291
Permanently restricted	<u>-</u>	<u>-</u>
	<u>113,669</u>	<u>51,171</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 775,581</u>	 <u>\$ 739,185</u>

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

GOOD SAMARITAN HEALTH CENTER OF GWINNETT, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2011</u>	<u>2010</u>
<u>SUPPORT AND REVENUE</u>					
Support:					
Contributions	\$ 209,946	\$ 16,500	\$ -	\$ 226,446	\$ 138,005
Grants	32,500	35,000	-	67,500	138,125
Donated goods and services	164,223	-	-	164,223	49,119
Special events	<u>3,750</u>	<u>-</u>	<u>-</u>	<u>3,750</u>	<u>-</u>
Total support	<u>410,419</u>	<u>51,500</u>	<u>-</u>	<u>461,919</u>	<u>325,249</u>
Revenue:					
Medical services	186,920	-	-	186,920	168,905
Gain on sale of assets	8,000	-	-	8,000	-
Interest income	<u>95</u>	<u>-</u>	<u>-</u>	<u>95</u>	<u>-</u>
Total revenue	195,015	-	-	195,015	168,905
Net assets released from restrictions	<u>52,179</u>	<u>(52,179)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>657,613</u>	<u>(679)</u>	<u>-</u>	<u>656,934</u>	<u>494,154</u>
<u>EXPENSES</u>					
Program services	479,175	-	-	479,175	403,984
Management and general	113,799	-	-	113,799	119,809
Fundraising	<u>1,462</u>	<u>-</u>	<u>-</u>	<u>1,462</u>	<u>44,596</u>
Total expenses	<u>594,436</u>	<u>-</u>	<u>-</u>	<u>594,436</u>	<u>568,389</u>
Change in net assets	63,177	(679)	-	62,498	(74,235)
Net assets, beginning of year	<u>22,880</u>	<u>28,291</u>	<u>-</u>	<u>51,171</u>	<u>125,406</u>
Net assets, end of year	<u>\$ 86,057</u>	<u>\$ 27,612</u>	<u>\$ -</u>	<u>\$ 113,669</u>	<u>\$ 51,171</u>

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

GOOD SAMARITAN HEALTH CENTER OF GWINNETT, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 62,498	\$ (74,235)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	35,403	61,414
Gain on sale of assets	(8,000)	-
Decrease in contributions receivable	2,450	3,200
(Decrease) increase in accounts payable	(19,992)	22,509
Decrease in accrued expenses	<u>(429)</u>	<u>(14,341)</u>
Net cash provided by (used by) operating activities	<u>71,930</u>	<u>(1,453)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(10,170)	-
Proceeds from sale of equipment	<u>8,000</u>	<u>-</u>
Net cash used by investing activities	<u>(2,170)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	<u>(5,681)</u>	<u>(6,442)</u>
Net increase (decrease) in cash	64,079	(7,895)
Cash, beginning of period	<u>39,737</u>	<u>47,632</u>
Cash, end of period	<u>\$ 103,816</u>	<u>\$ 39,737</u>

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

GOOD SAMARITAN HEALTH CENTER OF GWINNETT, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>	
				<u>2011</u>	<u>2010</u>
Salaries & benefits:					
Salaries	\$ 105,737	\$ 88,492	\$ -	\$ 194,229	\$ 229,220
Employee benefits	-	-	-	-	4,585
Payroll taxes	<u>7,437</u>	<u>7,170</u>	-	<u>14,607</u>	<u>18,127</u>
Total salaries and benefits	<u>113,174</u>	<u>95,662</u>	-	<u>208,836</u>	<u>251,932</u>
Other expenses:					
Contract labor	187,081	150	-	187,231	84,578
Education	1,198	250	-	1,448	745
Clinical supplies	15,481	-	-	15,481	7,554
Dental supplies	-	-	-	-	4,158
Laboratory costs	14,167	-	-	14,167	10,608
Property insurance	4,450	187	47	4,684	4,894
Utilities	8,453	356	89	8,898	9,712
Janitorial services	1,263	-	-	1,263	2,800
Interest	51,842	2,183	546	54,571	43,769
Professional fees	-	4,383	-	4,383	36,517
Malpractice insurance	6,602	-	-	6,602	23,162
Bad debts	-	2,435	-	2,435	1,615
Office supplies	927	4,124	-	5,051	3,410
Marketing & advertising	321	488	-	809	1,004
Telephone	6,633	279	70	6,982	6,439
Licenses & permits	205	-	-	205	80
Other taxes	-	465	-	465	553
Miscellaneous	<u>33,871</u>	<u>1,426</u>	<u>357</u>	<u>35,654</u>	<u>13,445</u>
Total other expenses	<u>332,494</u>	<u>16,726</u>	<u>1,109</u>	<u>350,329</u>	<u>255,043</u>
Total expenses before depreciation	445,668	112,388	1,109	559,165	506,975
Depreciation & amortization	<u>33,507</u>	<u>1,411</u>	<u>353</u>	<u>35,271</u>	<u>61,414</u>
Total expenses	<u>\$ 479,175</u>	<u>\$ 113,799</u>	<u>\$ 1,462</u>	<u>\$ 594,436</u>	<u>\$ 568,389</u>

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

GOOD SAMARITAN HEALTH CENTER OF GWINNETT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Good Samaritan Health Center of Gwinnett, Inc. (the Organization) was formed in March, 2004, to provide medical, dental, health education, counseling and social services to the medically underserved community in Gwinnett County, Georgia, and surrounding areas.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Support and Revenue

The Organization's primary sources of funding are private contributions and grants from foundations and other sources. Patients also contribute toward their care on an "ability to pay" basis.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Services donated by medical professionals are recorded at their fair market value.

Allowance for Uncollectible Pledges

Pledges receivable are stated net of an allowance for uncollectible pledges. The Organization bases its allowance on a review of specific donors, taking into consideration the age of the past due amounts and an assessment of the donor's ability to pay. The allowance for uncollectible pledges was \$0 and \$3,000 at December 31, 2011 and 2010, respectively.

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GOOD SAMARITAN HEALTH CENTER OF GWINNETT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Property and Equipment

Property and equipment are recorded at cost or, for donated assets, the fair market value at the date of donation. Depreciation is computed on a straight-line basis over the assets' useful lives as follows:

Office building	39 years
Medical equipment	5 years
Computer equipment	5 years
Office equipment	5 years
Furniture & fixtures	5 years
Leasehold improvements	7 years

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. There was no unrelated business income for 2011 or 2010.

The Organization's Returns of Organizations Exempt from Income Tax (Form 990) for 2008, 2009 and 2010 are subject to examination by the IRS, generally for three years after they are filed.

Cash Flows

For the purposes of the statement of cash flows, cash is defined as cash in banks.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are due as follows:

	<u>2011</u>	<u>2010</u>
Less than one year	\$ -	\$5,650

GOOD SAMARITAN HEALTH CENTER OF GWINNETT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 3 - PROPERTY AND EQUIPMENT

The components of property and equipment at December 31, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Office building	\$725,000	\$725,000
Medical equipment	119,291	137,299
Computer equipment	49,822	47,107
Office equipment	18,747	18,747
Furniture and fixtures	18,755	18,486
Leasehold improvements	<u>13,180</u>	<u>9,417</u>
	944,796	956,056
Less accumulated depreciation	<u>274,945</u>	<u>262,716</u>
	<u>\$669,851</u>	<u>\$693,340</u>

NOTE 4 - NOTE PAYABLE

	<u>2011</u>	<u>2010</u>
Note payable to a financial institution, due in monthly installments of \$5,021, including interest at 7.47%, maturity date of February 2013 at which time all principal and interest become due, secured by an office building with a net book value of \$650,000	<u>\$643,019</u>	<u>\$648,700</u>

Minimum aggregate annual principal payments as of December 31, 2011 are as follows:

2012	\$ 12,646
2013	<u>630,373</u>
	<u>\$643,019</u>

During 2010 while the Organization was temporarily closed (see Note 8), the financial institution allowed the Organization to defer two payments and extend the term of the note by two months.

NOTE 5 - SUPPLEMENTAL CASH FLOW INFORMATION

Interest paid for the years ended December 31, 2011 and 2010 was \$54,571 and \$43,769, respectively.

GOOD SAMARITAN HEALTH CENTER OF GWINNETT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2011</u>	<u>2010</u>
Dental services	\$10,218	\$13,791
Patient payment assistance	5,946	14,500
Medical equipment	6,740	-
Technology upgrades	<u>4,708</u>	<u>-</u>
	<u>\$27,612</u>	<u>\$28,291</u>

NOTE 7 - RELEASE OF ASSET RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

	<u>2011</u>	<u>2010</u>
Medical equipment	\$18,260	\$ -
Technology upgrades	10,292	-
Dental supplies	3,573	40,118
Patient payment assistance	20,054	500
Payments for services	-	20,100
Payment of insurance	<u>-</u>	<u>12,800</u>
	<u>\$52,179</u>	<u>\$73,518</u>

NOTE 8 - TEMPORARY SUSPENSION OF OPERATIONS

During 2010 the Organization closed for two months in an effort to restructure its operations. The restructuring has resulted in reduced costs (due to more medical volunteers) and increased unrestricted contributions to use for operating purposes. Management continues to seek opportunities for increased donations to continue future operations.

GOOD SAMARITAN HEALTH CENTER OF GWINNETT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 9 - PRIOR YEAR INFORMATION

The statements of activities and functional expenses include certain prior year summarized comparative information in total but not by net asset/program. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2010, from which the summarized information was derived.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 9, 2012, which is the date the financial statements were available to be issued.