

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

FINANCIAL STATEMENTS

DECEMBER 31, 2012 and 2011

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	7 - 10

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Good Samaritan Health Center of Gwinnett, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, cash flows and functional expenses for the year 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. 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 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 entity'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 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 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 Good Samaritan Health Center of Gwinnett, Inc. as of December 31, 2012, 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.

Report on Summarized Comparative Information

We have previously audited Good Samaritan Health Center of Gwinnett, Inc.'s 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 9, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**MCMULLAN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS**

April 24, 2013
Duluth, Georgia

GOOD SAMARITAN HEALTH CENTER OF GWINNETT, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 240,345	\$ 103,816
Property and equipment, net	654,159	669,851
Loan closing costs, net	-	1,743
Other assets	<u>171</u>	<u>171</u>
 TOTAL ASSETS	 <u>\$ 894,675</u>	 <u>\$ 775,581</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$ -	\$ 10,833
Accrued salaries and other expenses	12,136	8,060
Note payable	<u>439,550</u>	<u>643,019</u>
 Total Liabilities	 <u>451,686</u>	 <u>661,912</u>

NET ASSETS:

Unrestricted	389,956	86,057
Temporarily restricted	53,033	27,612
Permanently restricted	<u>-</u>	<u>-</u>
	<u>442,989</u>	<u>113,669</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 894,675</u>	 <u>\$ 775,581</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, 2012 AND 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2012</u>	<u>2011</u>
<u>SUPPORT AND REVENUE</u>					
Support:					
Contributions	\$ 108,056	\$ 100,000	\$ -	\$ 208,056	\$ 226,446
Grants	91,000	217,243	-	308,243	67,500
Donated goods and services	<u>333,029</u>	<u>-</u>	<u>-</u>	<u>333,029</u>	<u>164,223</u>
Total support	<u>532,085</u>	<u>317,243</u>	<u>-</u>	<u>849,328</u>	<u>458,169</u>
Revenue:					
Medical services	429,687	-	-	429,687	186,920
Gain on sale of assets	-	-	-	-	8,000
Interest income	-	-	-	-	95
Other income	<u>5,204</u>	<u>-</u>	<u>-</u>	<u>5,204</u>	<u>3,750</u>
Total revenue	<u>434,891</u>	<u>-</u>	<u>-</u>	<u>434,891</u>	<u>198,765</u>
Net assets released from restrictions	<u>291,822</u>	<u>(291,822)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,258,798</u>	<u>25,421</u>	<u>-</u>	<u>1,284,219</u>	<u>656,934</u>
<u>EXPENSES</u>					
Program services	833,319	-	-	833,319	479,175
Management and general	115,045	-	-	115,045	113,799
Fundraising	<u>6,535</u>	<u>-</u>	<u>-</u>	<u>6,535</u>	<u>1,462</u>
Total expenses	<u>954,899</u>	<u>-</u>	<u>-</u>	<u>954,899</u>	<u>594,436</u>
Change in net assets	303,899	25,421	-	329,320	62,498
Net assets, beginning of year	<u>86,057</u>	<u>27,612</u>	<u>-</u>	<u>113,669</u>	<u>51,171</u>
Net assets, end of year	<u>\$ 389,956</u>	<u>\$ 53,033</u>	<u>\$ -</u>	<u>\$ 442,989</u>	<u>\$ 113,669</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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 329,320	\$ 62,498
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	28,785	35,403
Gain on sale of assets	-	(8,000)
Decrease in contributions receivable	-	2,450
Decrease in accounts payable	(10,833)	(19,992)
Increase (decrease) in accrued expenses	<u>4,078</u>	<u>(429)</u>
Net cash provided by operating activities	<u>351,350</u>	<u>71,930</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(11,352)	(10,170)
Proceeds from sale of equipment	<u>-</u>	<u>8,000</u>
Net cash used by investing activities	<u>(11,352)</u>	<u>(2,170)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	<u>(203,469)</u>	<u>(5,681)</u>
Net increase in cash	136,529	64,079
Cash, beginning of period	<u>103,816</u>	<u>39,737</u>
Cash, end of period	<u>\$ 240,345</u>	<u>\$ 103,816</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, 2012 AND 2011

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>	
				<u>2012</u>	<u>2011</u>
Salaries & benefits:					
Salaries	\$ 242,601	\$ 60,000	\$ -	\$ 302,601	\$ 194,229
Employee benefits	266	408	-	674	-
Payroll taxes	<u>16,939</u>	<u>6,346</u>	<u>-</u>	<u>23,285</u>	<u>14,607</u>
Total salaries and benefits	<u>259,806</u>	<u>66,754</u>	<u>-</u>	<u>326,560</u>	<u>208,836</u>
Other expenses:					
Contract labor	388,326	-	-	388,326	187,231
Education	569	1,504	32	2,105	1,448
Clinical supplies	20,095	-	-	20,095	15,481
Software support	1,386	5,009	-	6,395	-
Laboratory costs	37,339	-	-	37,339	14,167
Property insurance	4,277	180	45	4,502	4,684
Utilities	8,744	368	92	9,204	8,898
Janitorial services	3,231	1,890	-	5,121	1,263
Interest	44,424	1,870	468	46,762	54,571
Professional fees	-	3,200	-	3,200	4,383
Malpractice insurance	14,226	-	-	14,226	6,602
Bad debts	-	-	-	-	2,435
Office supplies	6,089	6,823	440	13,352	5,051
Marketing & advertising	572	2,444	2,886	5,902	809
Telephone	4,147	2,650	-	6,797	6,982
Licenses & permits	80	-	-	80	205
Bank and merchant charges	-	6,194	-	6,194	465
Miscellaneous	<u>12,662</u>	<u>15,008</u>	<u>2,284</u>	<u>29,954</u>	<u>36,119</u>
Total other expenses	<u>546,167</u>	<u>47,140</u>	<u>6,247</u>	<u>599,554</u>	<u>350,329</u>
Total expenses before depreciation	805,973	113,894	6,247	926,114	559,165
Depreciation & amortization	<u>27,346</u>	<u>1,151</u>	<u>288</u>	<u>28,785</u>	<u>35,271</u>
Total expenses	<u>\$ 833,319</u>	<u>\$ 115,045</u>	<u>\$ 6,535</u>	<u>\$ 954,899</u>	<u>\$ 594,436</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, 2012 AND 2011

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, 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.

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

-CONTINUED-

GOOD SAMARITAN HEALTH CENTER OF GWINNETT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

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

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 2012 or 2011.

The Organization's Returns of Organizations Exempt from Income Tax (Form 990) for 2009, 2010 and 2011 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 - PROPERTY AND EQUIPMENT

The components of property and equipment at December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Office building	\$725,000	\$725,000
Medical equipment	25,789	119,291
Computer equipment	59,760	49,822
Office equipment	18,747	18,747
Furniture and fixtures	18,755	18,755
Leasehold improvements	<u>13,180</u>	<u>13,180</u>
	861,231	944,796
Less accumulated depreciation	<u>207,072</u>	<u>274,945</u>
	<u>\$654,159</u>	<u>\$669,851</u>

During 2012 the Organization donated its dental equipment to a non-profit dental office in exchange for \$5,000 of dental services for the Organization's patients. The Organization's history demonstrated that medical services were more in demand.

GOOD SAMARITAN HEALTH CENTER OF GWINNETT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 3 - NOTE PAYABLE

	<u>2012</u>	<u>2011</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 \$630,000	<u>\$439,550</u>	<u>\$643,019</u>

Minimum aggregate annual principal payments as of December 31, 2012 are as follows:

2013	\$439,550
------	-----------

See Note 9 regarding the refinance of the note payable.

NOTE 4 - SUPPLEMENTAL CASH FLOW INFORMATION

Interest paid for the years ended December 31, 2012 and 2011 was \$46,763 and \$54,571, respectively.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2012</u>	<u>2011</u>
Operating expenses	\$48,000	\$ -
Patient payment assistance	5,033	5,946
Dental services	-	10,218
Medical equipment	-	6,740
Technology upgrades	-	<u>4,708</u>
	<u>\$53,033</u>	<u>\$27,612</u>

GOOD SAMARITAN HEALTH CENTER OF GWINNETT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 6 - RELEASE OF ASSET RESTRICTIONS

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

	<u>2012</u>	<u>2011</u>
Mortgage payments	\$195,000	\$ -
Medical equipment	6,740	18,260
Technology upgrades	18,851	10,292
Dental services	10,218	3,573
Staff salaries	50,100	-
Patient payment assistance	<u>10,913</u>	<u>20,054</u>
	<u>\$291,822</u>	<u>\$52,179</u>

NOTE 7 - CONTRACT LABOR

Contract labor includes \$333,029 of services donated by medical professionals. These services are recorded at their fair market value for the level of service provided.

NOTE 8 - 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, 2011, from which the summarized information was derived.

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 24, 2013, which is the date the financial statements were available to be issued.

In February 2013 the Organization refinanced the mortgage on its office building. The mortgage term is twenty years with interest at the prime rate with a minimum rate of five percent. The rate is subject to change every five years.