

DEACONESS FAITH COMMUNITY NURSE MINISTRIES, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

DEACONESS FAITH COMMUNITY NURSE MINISTRIES, INC.

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Fick, Eggemeyer & Williamson

Certified Public Accountants, PC



MEMBERS OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Deaconess Faith Community Nurse Ministries, Inc.

We have audited the accompanying financial statements of Deaconess Faith Community Nurse Ministries, Inc. (a non-profit corporation), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows 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.

Auditors' 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 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 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 Deaconess Faith Community Nurse Ministries, Inc.'s as of December 31, 2016, 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 the Deaconess Faith Community Nurse Ministries, Inc. 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 30, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental statement of functional expenses on page 9 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 underlying 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.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer, & Williamson CPAs

Saint Louis, MO

March 24, 2017

DEACONESS FAITH COMMUNITY NURSE MINISTRIES, INC.
STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	2016 <u>Total</u>	2015 <u>Total</u>
Support and revenue					
Parish nurse grants	\$ 250,976	\$ 147,100	\$ -	\$ 398,076	\$ 429,950
Church reimbursements	377,287	-	-	377,287	358,617
Donations	18,771	-	-	18,771	16,500
In-kind donations	-	-	-	-	22,843
Other income	6,317	-	-	6,317	3,375
Total support and revenue	<u>653,351</u>	<u>147,100</u>	<u>-</u>	<u>800,451</u>	<u>831,285</u>
Net assets released from restrictions	186,343	(186,343)	-	-	-
Total revenue	<u>839,694</u>	<u>(39,243)</u>	<u>-</u>	<u>800,451</u>	<u>831,285</u>
Program expenses					
Care transitions	103,597	-	-	103,597	33,280
Senior health	169,141	-	-	169,141	163,339
Congregational	245,704	-	-	245,704	210,446
Community outreach	91,734	-	-	91,734	79,305
Total program expenses	<u>610,176</u>	<u>-</u>	<u>-</u>	<u>610,176</u>	<u>486,370</u>
Support expenses					
Management and general	218,185	-	-	218,185	221,932
Fundraising	43,620	-	-	43,620	48,834
Total support expenses	<u>261,805</u>	<u>-</u>	<u>-</u>	<u>261,805</u>	<u>270,766</u>
Total expenses	<u>871,981</u>	<u>-</u>	<u>-</u>	<u>871,981</u>	<u>757,136</u>
Change in net assets from operations	(32,287)	(39,243)	-	(71,530)	74,149
Investment activities					
Investment income	6,787	-	-	6,787	4,662
Realized gain/(loss)	(1,831)	-	-	(1,831)	(742)
Unrealized gain/(loss)	24,482	-	-	24,482	(14,558)
Total investment activity	<u>29,438</u>	<u>-</u>	<u>-</u>	<u>29,438</u>	<u>(10,638)</u>
Change in nets assets	(2,849)	(39,243)	-	(42,092)	63,511
Net assets, beginning of year	<u>426,438</u>	<u>94,682</u>	<u>-</u>	<u>521,120</u>	<u>457,609</u>
Net assets, end of year	<u>\$ 423,589</u>	<u>\$ 55,439</u>	<u>\$ -</u>	<u>\$ 479,028</u>	<u>\$ 521,120</u>

See accompanying notes and independent auditors' report

DEACONESS FAITH COMMUNITY NURSE MINISTRIES, INC.
STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (42,092)	\$ 63,511
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,530	3,850
Realized loss on sale of investments	1,831	742
Unrealized (gain) loss on investment	(24,482)	14,558
Loss on disposal of fixed assets	-	838
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(6,825)	(12,732)
(Increase) decrease in grants receivable	7,500	(7,411)
(Increase) decrease in prepaid expenses	186	(5,075)
(Increase) decrease in security deposits	(1,000)	-
Increase (decrease) in accounts payable	29,165	(1,066)
Increase (decrease) in accrued expense	4,072	17,779
	(26,115)	74,994
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(28,970)	(8,898)
Proceeds from sale of investments	195,000	150,000
Purchase of investments	(206,779)	(219,477)
	(40,749)	(78,375)
CASH FLOWS FROM FINANCING ACTIVITIES		
None	-	-
	-	-
Net increase (decrease) in cash and cash equivalents	(66,864)	(3,381)
Cash and cash equivalents - beginning of year	159,004	162,385
Cash and cash equivalents - end of year	\$ 92,140	\$ 159,004

DEACONESS FAITH COMMUNITY NURSE MINISTRIES INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 and 2015

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Deaconess Faith Community Nurse Ministries Inc. (the Organization) is a non-profit corporation that provides mental, physical and spiritual health related services, education and advocacy to churches, mosques and synagogues and various community organizations in efforts to create communities of holistic wellness. Its mission is to improve and promote the health of body, mind, spirit, and community throughout the St. Louis region. The organization began operations on December 31, 2013.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Income Taxes

The Organization is exempt from income taxes pursuant to section 509(a)(2) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

The Organization adopted the provisions of Accounting for Uncertainty in Income Taxes on January 1, 2012. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of December 31, 2016, no amounts have been recognized for uncertain tax positions. The Organization's tax returns filed prior to fiscal 2013 are closed.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

The Organization has adopted "Accounting for Certain Investments Held by Non-Profit Organizations." Under the standard, investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Support and Revenue

The Organization receives support from local churches, mosques, synagogues, and various community organizations for providing services. The organization receives grant money from the Missouri Foundation for Health, Incarnate Word Foundation, the Lutheran Foundation, and Cape Albeon/Good Samaritan. The Organization also receives miscellaneous individual donations from public support.

DEACONESS FAITH COMMUNITY NURSE MINISTRIES INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 and 2015

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable are stated at the net amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision to its revenue accounts and an adjustment to a valuation allowance based on its assessment of the current status of the individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable.

Fixed Assets and Depreciation

Fixed assets are recorded at cost or, in the case of donated property, at their estimated fair market value at the date of the donation. The Organization generally capitalizes assets with a cost of \$500 or more. Depreciation of fixed assets is provided over the estimated useful lives of the respective assets on a straight-line basis. Furniture, equipment and software owned by the organization has been depreciated over periods ranging from 3 to 10 years. Expenditures for repairs and maintenance are charged to operating expense as incurred.

Basis of Presentation

Deaconess Nurse Ministries' financial statement presentation complies with the recommendations of the Financial Accounting Standards Board. The Organization 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.

Unrestricted Net Assets - represent resources over which the Board of Directors has unlimited discretionary control to carry out the activities of the Organization in accordance with the Articles of Incorporation and By-Laws.

Temporarily Restricted Net Assets - represent resources whose use is limited by donor-imposed restrictions that will be met either by actions of the Organization or by the passage of time.

Permanently Restricted Net Assets - are subject to donor-imposed stipulations that the net assets be retained and invested permanently. The Organization presently has no permanently restricted net assets.

Use of Estimates in Financial Statements

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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DEACONESS FAITH COMMUNITY NURSE MINISTRIES INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 and 2015

Note 2 - ACCOUNTS RECEIVABLE

At December 31, 2016 and 2015 accounts receivable was comprised of amounts due from churches and other organizations for services performed. Management deems all receivable balances to be fully collectible as of the end of fiscal 2016 and 2015; therefore, the allowance for doubtful accounts is \$0. The accounts receivable balance as of December 31, 2016 and 2015 were \$37,225 and \$30,400, respectively.

Note 3 - GRANTS RECEIVABLE

Grants receivable are recognized as support in the period in which the promise is made by the grantor. Grants are expected to be received in less than one year. The Organization considers promises to give to be fully collectible; therefore, the allowance for uncollectible grants is \$0. Total grants receivable as of December 31, 2016 and 2015 were \$0 and \$7,500, respectively.

Note 4 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are allocated between fundraising, administration and program services of the Organization based on evaluations of the related benefits. Administrative expenses include those expenses which were not directly identifiable with any other specific functions but provide for the overall support and direction of the organization.

Note 5 - FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described below:

- Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Organization has the ability to access.
- Level 2- Inputs to the valuation methodology include:
 - Quoted prices for similar assets in active markets;
 - Quoted prices for similar assets in inactive markets;
 - Inputs other than quoted prices that are observable for the asset;
 - Inputs that are derived principally from or corroborated by observable market data by the correlation or other means.
- Level 3- Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

DEACONESS FAITH COMMUNITY NURSE MINISTRIES INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 and 2015

Note 5 - FAIR VALUE MEASUREMENTS (continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016.

Mutual funds: Valued at the net asset value of shares held by the Organization at year end as calculated by United Church Funds.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
United Church Mutual funds	\$ -	\$ 356,957	\$ -	\$ 356,957
Total Investments	\$ -	\$ 356,957	\$ -	\$ 356,957

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2015:

	Level 1	Level 2	Level 3	Total
United Church Mutual funds	\$ -	\$ 322,526	\$ -	\$ 322,526
Total Investments	\$ -	\$ 322,526	\$ -	\$ 322,526

Note 6 - OPERATING LEASES

In November 2015 the Organization entered into a lease for office space from Fee Fee Investors, LLC. The current lease term is May 1, 2016 through May 1, 2018. The lease payment is \$850 per month.

Operating lease payments totaled \$7,425 and \$0 for the years ended December 31, 2016 and 2015, respectively. At December 31, 2017 and 2018 future minimum lease payments were \$10,200 and \$4,250, respectively.

DEACONESS FAITH COMMUNITY NURSE MINISTRIES INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 and 2015

Note 7 - FIXED ASSETS

The following components comprise fixed assets as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 21,870	\$ 18,376
Software	25,476	-
Less: accumulated depreciation	(11,250)	(5,719)
Total net fixed assets	<u>\$ 36,096</u>	<u>\$ 12,657</u>

Depreciation expense for the years ended 2016 and 2015 was \$5,530 and \$3,850, respectively.

Note 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 24, 2017, the date which the financial statements were available for issue, and noted no reportable events.

Note 9 - TEMPORARILY RESTRICTED NET ASSETS

The Organization's temporarily restricted net assets are listed in detail below. The purposes of the temporarily restricted net assets are for improvements of parish congregational health.

	<u>2016</u>	<u>2015</u>
Missouri Foundation for Health	\$ 745	\$ 745
Lutheran Foundation	7,585	8,382
Incarnate Word Marketplace	-	386
Episcopal Presbyterian Health Trust	28,875	8,805
Daughters of Charity	16,484	-
Jefferson Memorial	-	75,260
Employee Community Fund of Boeing	1,750	-
Weber Fund	-	279
Norella Huggins Fund	-	825
Total temporarily restricted net assets	<u>\$ 55,439</u>	<u>\$ 94,682</u>

DEACONESS FAITH COMMUNITY CARE MINISTRIES, INC.
 SUPPLEMENTAL SCHEDULE
 STATEMENT OF FUNCTIONAL EXPENSES
 For the years ended December 31, 2016 and 2015

	Program Services				Supporting Services		2016 Total Expenses	2015 Total Expenses
	Care Transitional	Senior Health	Congregational	Community Outreach	Management & General	Fundraising Activities		
Salaries	\$ 64,056	\$ 118,699	\$ 210,106	\$ 81,529	\$ 59,803	\$ 28,865	\$ 563,058	\$ 500,620
Payroll taxes	4,831	8,611	11,641	6,140	14,050	2,106	47,379	45,778
Employee benefits	28,280	28,971	5,873	1,654	18,345	1,338	84,461	75,704
Grant expenses	-	-	-	-	-	-	-	273
Development	-	-	-	-	4,509	1,521	6,030	13,892
Rent and lease expense	-	-	-	-	11,922	-	11,922	10,270
Depreciation expense	-	-	-	-	5,530	-	5,530	3,850
Office supplies	-	-	-	-	4,071	-	4,071	5,792
Program supplies	686	1,372	1,930	257	43	-	4,288	6,209
Postage and printing	-	-	-	-	2,123	-	2,123	2,914
Insurance	392	783	1,101	147	24	-	2,447	4,980
Dues	-	-	-	-	4,483	-	4,483	2,908
Travel	-	-	-	-	13,332	-	13,332	9,266
Meals and entertainment	-	-	-	-	363	-	363	2,550
Miscellaneous	-	-	-	-	8,835	-	8,835	9,459
Professional fees	-	-	-	-	17,005	-	17,005	16,330
Computer expenses	5,352	10,705	15,053	2,007	335	-	33,452	11,990
Bank fees	-	-	-	-	699	-	699	770
Capacity building	-	-	-	-	52,089	-	52,089	6,250
Utilities	-	-	-	-	624	-	624	6,250
Fundraising expenses	-	-	-	-	-	9,790	9,790	4,488
In-kind expenses	-	-	-	-	-	-	-	22,843
TOTAL	\$ 103,597	\$ 169,141	\$ 245,704	\$ 91,734	\$ 218,185	\$ 43,620	\$ 871,981	\$ 763,386

See accompanying notes and independent auditors' report