

ST. MARY'S HEALTH WAGON, INC.

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**ST. MARY'S HEALTH WAGON, INC.**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2016**

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
INDEPENDENT AUDITOR'S REPORT	1-2
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	3-4
<b><u>FINANCIAL STATEMENTS</u></b>	
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES AND CHANGES IN UNRESTRICTED NET ASSETS	6-7
STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES AND CHANGES ON PERMANENTLY RESTRICTED NET ASSETS	8-9
STATEMENT OF CASH FLOWS	10
<b><u>NOTES TO FINANCIAL STATEMENTS</u></b>	
NOTES TO FINANCIAL STATEMENTS	11-18
<b><u>NOTES TO SUPPLEMENTARY SCHEDULES</u></b>	
SCHEDULE OF REVENUE AND EXPENDITURES – RURAL HEALTH CARE SERVICES OUTREACH GRANT	19



**RONALD C. BOSTIC, CPA**  
**GREGORY D. TUCKER, CPA**

**P.O. Box 505, Lebanon, VA 24266**  
**(276) 889-3103 Fax: (276) 889-0229**  
**www.bthcpa.com**

## **INDEPENDENT AUDITORS' REPORT**

The Honorable Members of the  
Board of Directors  
St. Mary's Health Wagon, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of St. Mary's Health Wagon, Inc. (a non-profit organization) which comprise the statement of financial position as of December 31, 2016; and the related statements of activities, functional expenses, 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions 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 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.

## **Opinions**

In our opinion, based on our audit, the financial statements referred to above present fairly in all material respects, the financial position of St. Mary's Health Wagon, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2017, on our consideration of St. Mary's Health Wagon, Inc.'s control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report and in considering the results of our audit.

*Bostic, Tucker & Company, PC*

July 31, 2017  
Lebanon, Virginia



RONALD C. BOSTIC, CPA  
GREGORY D. TUCKER, CPA

P.O. Box 505, Lebanon, VA 24266  
(276) 889-3103 Fax: (276) 889-0229  
[www.bthcpa.com](http://www.bthcpa.com)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

The Honorable Members of the  
Board of Directors  
St. Mary's Health Wagon, Inc.

We have audited, in accordance with the 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, the financial statements of St. Mary's Health Wagon, Inc. (a nonprofit organization), 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, and have issued our report thereon dated July 31, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement if the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bostic, Tucker & Company, PC*

July 31, 2017  
Lebanon, Virginia

**ST. MARY'S HEALTH WAGON, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

**ASSETS**

**CURRENT ASSETS**

Cash and Investments	\$ 5,033,264
Accounts Receivable	46,056

**TOTAL CURRENT ASSETS** \$ 5,079,320

**PROPERTY AND EQUIPMENT**

Property and Equipment	\$ 976,783
Less: Accumulated Depreciation	(274,273)
Land	28,000

**TOTAL PROPERTY AND EQUIPMENT** \$ 730,510

**RESTRICTED ASSETS**

Cash	\$ 239,808
------	------------

**TOTAL RESTRICTED ASSETS** \$ 23,980

**TOTAL ASSETS** \$ 6,049,638

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 6,794
Credit Card Payable	13,004
Current Portion - Long-Term Debt	3,312
Salaries Payable	14,917
Accrued Payroll Liabilities	63
Accrued Compensated Absences	54,365

**TOTAL CURRENT LIABILITIES** \$ 92,455

**LONG-TERM LIABILITIES**

Long-Term Debt	\$ 4,470
----------------	----------

**TOTAL LONG-TERM LIABILITIES** 4,470

**NET ASSETS**

Unrestricted	\$ 5,680,905
Permanently Restricted	271,808

**TOTAL NET ASSETS** \$ 5,952,713

**TOTAL LIABILITIES AND NET ASSETS** \$ 6,049,638

The accompanying Notes to the Financial Statements are an integral part of this statement

**ST. MARY'S HEALTH WAGON, INC.**  
**STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES AND**  
**CHANGES IN UNRESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**RECEIPTS:**

Designated Income	\$ 100,000
Contributions	2,159,073
Donated Stock	53,849
Patient Fees	33,666
Grants	<u>780,094</u>

**TOTAL RECEIPTS** \$ 3,126,682

**EXPENDITURES:**

Advertising	\$ 3,536
Bank Fees	75
Building and Maintenance	2,982
Computers and IT	35,576
Consulting Services	44,478
Depreciation	52,393
Education	6,327
Fringe Benefits	110,076
Gifts and Sympathy	3,648
Grant Capital Purchases	34,430
Insurance	39,371
Membership Fees	22,010
Miscellaneous	3,287
Mobile Expense	13,532
Office Supplies and Expense	38,933
Payroll Taxes	61,904
Patient Services	42,856
Professional Fees	52,425
Public Relations Expense	7,429
Rent	6,000
Salaries and Wages	910,860
Travel and Meals	38,939
Security	2,704
Utilities	<u>35,506</u>

**TOTAL EXPENDITURES** \$ 1,569,277

**EXCESS RECEIPTS OVER (EXPENDITURES)** 1,557,405

The accompanying Notes to the Financial Statements are an integral part of this statement



**ST. MARY'S HEALTH WAGON, INC.**  
**STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES &**  
**CHANGES IN UNRESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**OTHER INCOME (EXPENSE)**

Investment Income	\$ 53,304
Realized Gain / (Loss)	15,497
Unrealized Gain / (Loss)	63,249
Brokerage Fees	<u>(19,874)</u>

**TOTAL OTHER INCOME (EXPENSE)** \$ 112,176

**EXCESS RECEIPTS AND OTHER INCOME OVER EXPENDITURES** \$ 1,669,581

**UNRESTRICTED NET ASSETS - BEGINNING OF YEAR** 4,011,324  
**- (AS RESTATED)**

**UNRESTRICTED NET ASSETS - END OF YEAR** \$ 5,680,905

The accompanying Notes to the Financial Statements are an integral part of this statement

**ST. MARY'S HEALTH WAGON, INC.**  
**STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES &**  
**CHANGES IN PERMANENTLY RESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**RECEIPTS:**

RAM Donations	<u>\$ 74,407</u>	
<b>TOTAL RECEIPTS</b>		<b>\$ 74,407</b>

**EXPENDITURES:**

RAM Expense	<u>\$ 105,958</u>	
<b>TOTAL OPERATION EXPENSE</b>		<b><u>\$ 105,958</u></b>

<b>INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS</b>		<b><u>\$ (31,551)</u></b>
---	--	---------------------------

**RECEIPTS:**

Sullivan Endowment	<u>\$ -</u>	
<b>TOTAL RECEIPTS</b>		<b>\$ -</b>

**EXPENDITURES:**

Sullivan Endowment	<u>\$ -</u>	
<b>TOTAL OPERATIONS EXPENSE</b>		<b><u>\$ -</u></b>

<b>INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS</b>		<b><u>\$ -</u></b>
---	--	--------------------

The accompanying Notes to the Financial Statements are an integral part of this statement

**ST. MARY'S HEALTH WAGON, INC.**  
**STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES &**  
**CHANGES IN PERMANENTLY RESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**RECEIPTS:**

Smiddy Checking	<u>\$ 16,050</u>	
<b>TOTAL RECEIPTS</b>		<b>\$ 16,050</b>

**EXPENDITURES:**

Smiddy Expenses	<u>\$ 7,029</u>	
<b>TOTAL OPERATION EXPENSE</b>		<b><u>\$ 7,029</u></b>

<b>INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS</b>		<b><u>\$ 9,021</u></b>
---	--	------------------------

<b>INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS</b>		<b>\$ (22,530)</b>
---	--	--------------------

<b>PERMANENTLY RESTRICTED NET ASSETS - BEGINNING</b>		<b><u>\$ 294,338</u></b>
--	--	--------------------------

<b>PERMANENTLY RESTRICTED NET ASSETS - ENDING</b>		<b><u><u>\$ 271,808</u></u></b>
---	--	---------------------------------

The accompanying Notes to the Financial Statements are an integral part of this statement

**ST. MARY'S HEALTH WAGON, INC.**  
**STATEMENT OF CASH FLOWS (DIRECT METHOD)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net Income / (Loss)		\$	1,647,051
<b>ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Depreciation	\$		52,393
(Increase) / Decrease In:			
Accounts Receivable		(10,101)	
Accounts Payable		(1,004)	
Credit Card Payable		11,472	
Salaries Payable		12,895	
Accrued Compensation		(6,230)	
Accrued Payroll Liabilities		(479)	
		<u>58,946</u>	
<b>NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES</b>			\$ 1,705,997
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Donated Stock	\$		53,849
Investment Proceeds		53,194	
Net Realized Gain on Investments		(15,197)	
Net Unrealized Gain on Investments		(63,249)	
Purchase of Fixed Assets		<u>(66,543.00)</u>	
<b>NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES</b>			(37,946)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments on Long-Term Debt	\$		-
Payments on Short-Term Debt		(2,218)	
Proceeds from Loan		<u>10,000</u>	
<b>NET CASH FLOW PROVIDED (USED) BY FINANCING</b>			<u>7,782</u>
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>			\$ 1,675,833
<b>BEGINNING BALANCE - JANUARY 1 ** - (AS RESTATED)</b>			<u>3,597,239</u>
<b>ENDING BALANCE - DECEMBER 31 **</b>			<u><u>\$ 5,273,072</u></u>

\*\* (Includes Unrestricted and Permanently Restricted Balances)

The accompanying Notes to the Financial Statements are an integral part of this statement.

**ST. MARY'S HEALTH WAGON, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

St. Mary's Health Wagon, Inc. was formed as non-stock corporation to be tax exempt under 501 (c) (3) of the Internal Revenue Service Code in 2004. All accounts and notes presented in this audit report relate solely to St. Mary's Health Wagon, Inc.

**B. Mission**

In keeping with our beliefs that health care is a right for all, we work to ensure availability of quality health care to those who come to us in need. We strive to above all provide services with dignity ever mindful of this God given privilege. In order to fulfill our mission, we believe in healing the mind, body and soul: consistent with and supportive of our philosophy of healing continuous to our commitment to collaborating, spirituality, and empowerment are the basic values motivating our ministry.

**C. Purpose**

The purpose of the corporation is to oversee the delivery of primary health care to indigent people in Dickenson, Wise, and Buchanan Counties.

**D. Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles of The United States of America. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received, and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

**E. Financial Statement Presentation**

Under Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations, 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.

The accompanying Notes to the Financial Statements are an integral part of this statement.

**ST. MARY'S HEALTH WAGON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Contributions**

Under SFAS No. 116, Accounting for Contributions Received and Contributions Made, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions. Descriptions of the three net asset categories are as follows:

- Unrestricted net assets have no donor-imposed restrictions.
- Temporarily restricted net assets have donor-imposed restrictions that will expire in the future. There were no temporarily restricted net assets at December 31, 2016.
- Permanently restricted net assets have donor-imposed restrictions which do not expire. They were \$271,808 of permanently restricted net assets at December 31, 2016.

**G. Contributed Services**

During the year, the value of contributed services meeting the requirements for recognition in the financial statements was not overall material to the financial statements and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in achieving its stated purpose.

**H. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

**I. Accounts Receivable**

Accounts receivable are recorded at the amount of the company expects to collect on balances outstanding at year-end.

**J. Depreciation**

Equipment and furniture and other assets are being depreciated over estimated useful lives, which range from five to seven years, using the straight-line method of depreciation Building are being depreciated over estimated useful life, which is 39 years, using the straight-line method of depreciation. Depreciation expense of \$52,393 has been applied for year ended December 31, 2016.

The accompanying Notes to the Financial Statements are an integral part of this statement.

**ST. MARY'S HEALTH WAGON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1:      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

**K.      Income Taxes**

Income taxes are not provided for in the financial statements since the Agency is exempt from federal and state income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

**L.      Use of Estimates**

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 reported period. Actual results could differ from those estimates.

**M.      Advertising Cost**

Advertising cost is expensed when incurred. Advertising was \$3,536 for the year ended December 31, 2016.

**NOTE 2:      ENDOWMENT FUND**

The Water F. Sullivan Health Care Endowment Fund provides to support the mission of the Health Wagon. The use of the endowment is permanently restricted to be expended on behalf of indigent people in Dickenson, Buchanan, and Wise Counties.

On December 31, 2016, the fund totaled \$124,000.

The accompanying Notes to the Financial Statements are an integral part of this statement.

**ST. MARY'S HEALTH WAGON, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3: CASH AND INVESTMENTS**

As of December 31, 2016, cash consisted of the following:

<u>Account</u>	<u>Financial Institution</u>	<u>Amount</u>
BB&T Savings	BB&T	\$ 216,102
Checking - Operating	BB&T	1,044,862
Ameriprise	Ameriprise	<u>3,772,300</u>
<b>TOTAL UNRESTRICTED</b>		<b><u>\$ 5,033,264</u></b>
RAM Checking - Lee County	BB&T	\$ 37,299
RAM Checking - Smyth County	BB&T	586
RAM Checking - Wise County	BB&T	48,223
Smiddy Bank Account	BB&T	29,700
Sullivan Endowment	UNVEST	<u>124,000</u>
<b>TOTAL PERMANENTLY RESTRICTED</b>		<b><u>\$ 239,808</u></b>

**INVESTMENTS**

The Organization has invested in various marketable equity securities. All of the investments are accounted for using fair value accounting in accordance with SFAS Nos. 124 (ASC 958) and 157 (ASC 820). All securities were valued based on quoted market prices on the New York Stock Exchange as of December 31, 2016.

<u>Description</u>	<u>Input Level</u>	<u>Unrealized Gains and Losses</u>	<u>Fair Value</u>
Ameriprise Brokerage Account	Level 1	\$ 317	\$ 379,060
Strategic Portfolio Service Advantage	Level 1	62,932.00	1,667,186.00
Cash Reserve Certificate	Level 1	-	1,574,092.00
Flexible Savings Certificate	Level 1	-	151,962.00
		<u>\$ 63,249</u>	<u>\$ 3,772,300</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.



**ST. MARY'S HEALTH WAGON, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4: EQUIPMENT**

Fixed assets held by the Agency consist of the following:

<u>Description</u>	<u>Amount</u>
Land	\$ 28,000
Building	498,695
Furniture & Equipment	12,569
Improvements	11,966
Office Equipment	58,877
Mobile Unit	348,018
Vehicles	<u>46,658</u>
<b>TOTAL FIXED ASSETS</b>	<b>\$ 1,004,783</b>
Less: Accumulated Depreciation	<u>(274,273)</u>
<b>TOTAL FIXED ASSETS NET OF ACCUMULATED DEPRECIATION</b>	<b><u>\$ 730,510</u></b>

**NOTE 5: CONCENTRATIONS OF CREDIT RISK *(Cash balances at a single financial institution)***

The Company maintains its cash balances at BB & T Bank located in Wise, Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2016, the Company's uninsured cash balances total \$1,150,169 as reported on the bank statements. The cash balance reported on the balance sheet, \$1,260,964.

The Company maintains investments at Ameriprise Financial in the amount of \$3,772,300 as of December 31, 2016. Investments within a brokerage are not FDIC insured.

Ameriprise Financial is able to execute and clear all brokerage transactions and maintain client accounts. Ameriprise Financial is registered with the Securities and Exchange Commission ("SEC") as broker-dealer and investment advisor. Accordingly, they must adhere to strict regulatory standards concerning the safekeeping and segregation of client assets and the preservation of capital reserves.

Ameriprise Financial is a member of the Securities Investor Protection Corporation ("SIPC"). SIPC is a nonprofit organization of US broker-dealers created in 1970 by Congress. It is funded by assessments collected from its member securities broker-dealers. SIPC can draw from its reserve fund to protect each client up to \$500,000, of which up to \$250,000 may be for cash-free credit balances.

The accompanying Notes to the Financial Statements are an integral part of this statement.

**ST. MARY'S HEALTH WAGON, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 5: CONCENTRATIONS OF CREDIT RISK** *(Cash balances at a single financial institution) (continued)*

For cash held in an American brokerage account, they offer an FDIC-insured money market "sweep" account program called the Ameriprise Insured Money Market Account (AIMMA). With AIMMA, Ameriprise transfers cash balances into the insured sweep program, which places deposits in multiple banks, each of which is FDIC-insured. Through AIMMA they can protect up to \$2.5 million in cash in your accounts.

SIPC and excess of SIPC protection do not insure against losses due to market fluctuations. SIPC and excess of SIPC protection apply to net claims for the value of most securities and cash in the exclusive possession or control of Ameriprise Financial, including certain mutual funds, annuities, life insurance and limited partnerships, which may be redeemed directly from the issuer, carrier or their agents, are generally not covered by SIPC or excess of SIPC coverage.

**NOTE 6: NOTES PAYABLE**

A 2.87% note due to the USDA in monthly installments of \$291, including interest and maturing on February 27, 2019, secured by an automobile.

Balance December 31, 2016	\$	7,782	
Less: Current Portion		(3,312)	4,470
<b>TOTAL LONG-TERM DEBT</b>			<b><u>\$ 4,470</u></b>

Maturities of long-term debt are as follows:

Period Ended	Amount
<u>December 31</u>	
2018	\$ 3,408
2019	1,062
2020	-
<b>TOTAL LONG-TERM DEBT</b>	<b><u>\$ 4,470</u></b>

**NOTE 7: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

**Interest Paid**

Cash paid interest expense relating to debt for the period January 01, 2016 through December 31, 2016 was \$110.

The accompanying Notes to the Financial Statements are an integral part of this statement.

**ST. MARY'S HEALTH WAGON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 7: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**  
**(continued)**

**Non-Cash Investments**

The Company has -0- in financing activities related to the purchase of equipment.

The Company considers all short-term investments with an original maturity of three months or less to be cash equivalents.

**NOTE 8: ANNUAL LEAVE**

Employees will earn annual leave based on their employment status and consecutive years in a leave eligible status. This time will be accrued per pay period while the employee remains in an eligible status.

Full-Time

<5 years of service:	80 hours (3.077 hours accrued each pay period up to a maximum of 120 hours)
5-9 years of service:	120 hours (4.606 hours accrued each pay period up to a maximum of 180 hours)
10 + years of service:	160 hours (6.154 hours accrued each pay period up to a maximum of 240 hours)

Part-Time

<5 years of service:	40 hours (1.539 hours accrued each pay period up to a maximum of 120 hours)
5-9 years of service:	60 hours (2.308 hours accrued each pay period up to a maximum of 180 hours)
10 + years of service:	80 hours (3.077 hours accrued each pay period up to a maximum of 240 hours)

Vacation accruals are computed from the beginning date of employment. Employees may only accumulate one and one-half times their annual vacation amount and any amount over that will not accrue and be forfeited. Pay in lieu of vacation is not allowed, except by special periodic programs. Transfer of accrued time from one employee to another is not allowed.

The accompanying Notes to the Financial Statements are an integral part of this statement.

**ST. MARY'S HEALTH WAGON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 9: PENSION PLAN**

The Company provides a Simple IRA retirement plan is available to all employees who have received at least \$5,000 in compensation during any two years prior to the current year and are reasonably expected to receive at least \$5,000 in compensation during the calendar year for which contributions are made. The Company must contribute an amount equal to participating employee's contributions up to 3% of their compensation. Employees under the age 50 can contribute a maximum of \$12,500 per year to the Simple IRA retirement plan. Employees over the age of 50 can contribute up to \$15,000 due to a \$2,500 catch up provision that is allowed by the IRS. The plan is sponsored by American Funds Group Investments. The organization has no liability beyond the current year contribution. Pension expense for the year ended December 31, 2016 was \$14,560.

**NOTE 10: UNCERTAIN TAX POSITION**

The Organization would recognize accrued interest and penalties associated with uncertain tax provisions, if any, as part of the income tax provision. The Organization did not have any unrelated business taxable income and therefore is not required to pay income taxes.

The Organization has carefully considered the filing of its current tax returns, and has determined that no material uncertain tax positions exist.

Due to a statute of limitations, the Internal Revenue Service reserves the right to examine federal income tax returns for, generally a three year time period. Consequently, the Organization's federal income tax returns for the years 2013, 2014, and 2015 are subject to examination.

**NOTE 11: PRIOR PERIOD ADJUSTMENT**

A prior period adjustment as made in January 2016 to void stale checks that were issued in prior periods. An entry was made to increase cash and the related net assets account. The voided checks totaled \$26,162.

**NOTE 9: SUBSEQUENT EVENTS**

Management has considered subsequent events through July 31, 2017; the date on which the financial statements were available to be issued. A new 401K retirement plan replaced the existing Simple IRA. The effective date of the new plan was January 01, 2017. The new plan is administered by John Hancock Retirement Plan Services.

The accompanying Notes to the Financial Statements are an integral part of this statement.

**ST. MARY'S HEALTH WAGON, INC.**  
**SCHEDULE OF REVENUE AND EXPENDITURES - RURAL**  
**HEALTH CARE SERVICES OUTREACH GRANT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>REVENUE</b>	\$ 197,958
 <b>EXPENDITURES:</b>	
Salaries and Wages	\$ 158,400
Fringe Benefits	23,937
Equipment and Software	5,000
Materials and Supplies	5,000
Other Expense	621
Contractual Cost	<u>5,000</u>
 <b>TOTAL EXPENDITURES</b>	 <u><u>\$ 197,958</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.